

General Motors Co  
Form 10-K  
February 15, 2013

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549-1004  
Form 10-K

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

For the fiscal year ended December 31, 2012

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34960

GENERAL MOTORS COMPANY

(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE

27-0756180

(State or other jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

300 Renaissance Center, Detroit, Michigan

48265-3000

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code

(313) 556-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock	New York Stock Exchange/Toronto Stock Exchange
4.75% Series B Mandatory Convertible Junior Preferred Stock	New York Stock Exchange
Warrants (expiring July 10, 2016)	New York Stock Exchange
Warrants (expiring July 10, 2019)	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its company Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Do not check if smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting stock held by non-affiliates of the registrant (assuming only for purposes of this computation that directors and executive officers may be affiliates) was approximately \$30.9 billion on June 30, 2012.

As of February 8, 2013 the number of shares outstanding of common stock was 1,366,443,296 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement related to the Annual Stockholders Meeting to be filed subsequently are incorporated by reference into Part III of this Form 10-K.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2012 Form 10-K) for the periods on or subsequent to July 10, 2009 as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM.” General Motors Corporation is sometimes referred to in this 2012 Form 10-K, for the periods on or before July 9, 2009, as “Old GM,” as it is the predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2012 Form 10-K for the periods after July 10, 2009 as “MLC.” On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

Item 1. Business

We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial).

Automotive

Our automotive operations meet the demands of our customers through our four automotive segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO) and GM South America (GMSA).

Our total worldwide vehicle sales were 9.3 million, 9.0 million and 8.4 million in the years ended December 31, 2012, 2011 and 2010.

In the year ended December 31, 2010 we completed the sale of Saab Automobile AB and of Saab Automobile GB (collectively Saab) and completed the wind down of our Pontiac, Saturn and HUMMER brands.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Chevrolet
- Holden
- Vauxhall
- Cadillac
- GMC
- Opel

At December 31, 2012 we had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Korea Company (GM Korea); Shanghai General Motors Co., Ltd. (SGM); SAIC General Motors Sales Co., Ltd. (SGMS); SAIC-GM-Wuling Automobile Co., Ltd. (SGMW); FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM); and SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively HKJV). These companies design, manufacture and market vehicles under the following brands:

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- Alpheon
- Baojun
- Buick
- Cadillac
- Chevrolet
- Jiefang
- Wuling

In addition to the products we sell to our dealers for consumer retail sales, we also sell cars and trucks to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. We sell vehicles to fleet customers directly or through our network of dealers. Our retail and fleet customers can obtain a wide range of aftersale vehicle services and products through our dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## Competitive Position

Information in this 2012 Form 10-K relating to our relative position in the global automotive industry is based upon the good faith estimates of management and includes all sales by joint ventures on a total vehicle basis, not based on the percentage of ownership in the joint venture. Market share information in this 2012 Form 10-K is based on vehicle sales volume. Worldwide market share and vehicle sales data excludes the markets of Iran, North Korea, Sudan and Syria.

The global automotive industry is highly competitive. The principal factors that determine consumer vehicle preferences in the markets in which we operate include price, quality, available options, style, safety, reliability, fuel economy and functionality. Market leadership in individual countries in which we compete varies widely.

In the year ended December 31, 2012 our worldwide market share was 11.5%. Our vehicle sales volumes in the year ended December 31, 2012 reflect an intensified competitive environment in the U.S., including aggressive competitor pricing and media spending, as well as key competitor new product launches.

In the year ended December 31, 2011 our worldwide market share was 11.9%. Our vehicle sales volumes in the year ended December 31, 2011 reflect the moderate improvement in certain facets of the U.S. economy which contributed to a slow but steady improvement in U.S. industry vehicle sales, as well as increased volumes in Russia and China.

In the year ended December 31, 2010 our worldwide market share was 11.5%. Our vehicle sales volumes in the year ended December 31, 2010 were consistent with a gradual U.S. vehicle sales recovery from the negative economic effects of the U.S. recession first experienced by Old GM in the second half of 2008, as well as increased volumes in China.

Production and sales volume includes vehicles produced by certain joint ventures. The joint venture agreements with SGMW and FAW-GM allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production and sales in China.

The following table summarizes total production volume (vehicles in thousands):

	Years Ended December 31,		
	2012	2011	2010
GMNA			
Cars	1,270	1,145	977
Trucks	1,967	1,944	1,832
Total GMNA	3,237	3,089	2,809
GMIO			
Consolidated entities	1,208	1,114	1,016
Joint ventures			
SGMW	1,498	1,284	1,256
SGM	1,329	1,208	1,037
FAW-GM	54	51	86
Other	357	384	350
Total GMIO	4,446	4,041	3,745
GME	927	1,189	1,234

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GMSA	879	948	926
Worldwide	9,489	9,267	8,714

U.S. Market Share

The following table summarizes the respective U.S. market shares in passenger cars, trucks and crossovers:

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,			
	2012	2011	2010	
GM	17.5	% 19.2	% 18.8	%
Ford	15.2	% 16.5	% 16.7	%
Toyota	14.1	% 12.6	% 15.0	%
Fiat/Chrysler	11.2	% 10.5	% 9.2	%
Honda	9.6	% 8.8	% 10.4	%
Hyundai	8.5	% 8.7	% 7.6	%
Nissan	7.7	% 8.0	% 7.7	%

Vehicle Sales

The following tables summarize total industry sales of new motor vehicles of domestic and foreign makes and the related competitive position (vehicles in thousands):

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Vehicle Sales(a)(b)(c) Years Ended December 31, 2012			2011			2010(d)				
	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry		
<b>GMNA</b>											
United States	14,792	2,596	17.5 %	13,048	2,504	19.2 %	11,778	2,215	18.8 %		
Canada	1,717	227	13.2 %	1,620	243	15.0 %	1,583	247	15.6 %		
Mexico	1,025	186	18.2 %	937	169	18.0 %	848	156	18.3 %		
Other	306	10	3.1 %	277	10	3.6 %	254	8	3.3 %		
<b>Total GMNA</b>	<b>17,840</b>	<b>3,019</b>	<b>16.9 %</b>	<b>15,882</b>	<b>2,925</b>	<b>18.4 %</b>	<b>14,463</b>	<b>2,626</b>	<b>18.2 %</b>		
<b>GME</b>											
United Kingdom	2,335	272	11.7 %	2,249	281	12.5 %	2,294	290	12.7 %		
Germany	3,394	254	7.5 %	3,508	299	8.5 %	3,198	269	8.4 %		
Italy	1,524	114	7.5 %	1,935	154	8.0 %	2,162	170	7.9 %		
Russia	2,996	288	9.6 %	2,725	243	8.9 %	1,970	159	8.1 %		
Uzbekistan	128	123	96.1 %	123	118	95.6 %	150	145	96.3 %		
France	2,331	104	4.4 %	2,687	125	4.7 %	2,708	124	4.6 %		
Spain	791	68	8.6 %	931	80	8.6 %	1,114	100	8.9 %		
Other	5,473	384	7.0 %	5,937	451	7.6 %	5,562	419	7.5 %		
<b>Total GME</b>	<b>18,973</b>	<b>1,607</b>	<b>8.5 %</b>	<b>20,095</b>	<b>1,751</b>	<b>8.7 %</b>	<b>19,160</b>	<b>1,676</b>	<b>8.7 %</b>		
<b>GMIO</b>											
China(e)	19,460	2,836	14.6 %	18,696	2,547	13.6 %	18,289	2,352	12.9 %		
Australia	1,112	115	10.4 %	1,008	126	12.5 %	1,036	133	12.8 %		
South Korea	1,542	146	9.5 %	1,579	141	9.0 %	1,556	127	8.1 %		
Middle East Operations	1,310	138	10.5 %	1,114	138	12.4 %	1,086	120	11.1 %		
India(e)	3,569	92	2.6 %	3,278	111	3.4 %	3,023	110	3.7 %		
Egypt	198	54	27.4 %	176	46	26.4 %	249	68	27.2 %		
Other	10,933	234	2.1 %	8,640	171	2.0 %	9,185	148	1.6 %		
<b>Total GMIO</b>	<b>38,124</b>	<b>3,616</b>	<b>9.5 %</b>	<b>34,492</b>	<b>3,281</b>	<b>9.5 %</b>	<b>34,423</b>	<b>3,057</b>	<b>8.9 %</b>		
<b>GMSA</b>											
Brazil	3,802	643	16.9 %	3,633	632	17.4 %	3,515	658	18.7 %		
Argentina	845	134	15.8 %	861	136	15.8 %	665	109	16.3 %		
Colombia	315	86	27.3 %	325	106	32.6 %	254	85	33.6 %		
Venezuela	131	44	33.5 %	121	44	36.5 %	125	51	40.7 %		
Other	716	140	19.5 %	739	148	20.0 %	601	122	20.3 %		
<b>Total GMSA</b>	<b>5,809</b>	<b>1,047</b>	<b>18.0 %</b>	<b>5,678</b>	<b>1,066</b>	<b>18.8 %</b>	<b>5,160</b>	<b>1,025</b>	<b>19.9 %</b>		
<b>Total Worldwide</b>	<b>80,746</b>	<b>9,288</b>	<b>11.5 %</b>	<b>76,148</b>	<b>9,024</b>	<b>11.9 %</b>	<b>73,206</b>	<b>8,384</b>	<b>11.5 %</b>		



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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Vehicle Sales(a)(b)(c) Years Ended December 31, 2012			2011			2010(d)			GM as a % of Industry
	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry	Industry	GM		
United States										
Cars										
Midsize	3,076	467	15.2	% 2,621	496	18.9	% 2,464	472	19.2	%
Small	2,836	396	14.0	% 2,271	285	12.5	% 2,032	171	8.4	%
Luxury	933	70	7.5	% 859	70	8.1	% 845	69	8.2	%
Sport	361	99	27.3	% 309	101	32.8	% 278	94	34.0	%
Total cars	7,207	1,031	14.3	% 6,060	952	15.7	% 5,619	807	14.4	%
Trucks										
Utilities	907	191	21.1	% 893	215	24.1	% 806	204	25.3	%
Pick-ups	1,940	645	33.3	% 1,817	625	34.4	% 1,630	553	33.9	%
Vans	798	97	12.2	% 702	89	12.7	% 651	74	11.3	%
Medium Duty	299	—	—	% 269	—	—	% 189	4	1.9	%
Total trucks	3,944	933	23.7	% 3,681	929	25.2	% 3,277	835	25.5	%
Crossovers	3,642	631	17.3	% 3,306	622	18.8	% 2,882	573	19.9	%
Total United States	14,792	2,596	17.5	% 13,048	2,504	19.2	% 11,778	2,215	18.8	%
Canada,										
Mexico and	3,048	423	13.9	% 2,834	421	14.9	% 2,685	411	15.3	%
Other										
Total GMNA	17,840	3,019	16.9	% 15,882	2,925	18.4	% 14,463	2,626	18.2	%

GMNA vehicle sales primarily represent sales to the end customer. GME, GMIO and GMSA vehicle sales (a) primarily represent estimated sales to the end customer. In countries where end customer data is not readily available other data sources, such as wholesale or forecast volumes, are used to estimate vehicle sales.

(b) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(c) Vehicle sales data may include rounding differences.

(d) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(e) Includes the vehicle sales for following joint ventures.

	Years Ended December 31,		
	2012	2011	2010
Joint venture sales in China			
SGM	—	1,200	1,033
SGMS	1,331	—	—
SGMW and FAW-GM	1,501	1,342	1,315
Joint venture sales in India			
HKJV	64	111	101

Joint venture vehicle sales for HKJV are included through August 31, 2012. Refer to Notes 4 and 10 to our consolidated financial statements for further detail on the acquisition of HKJV.

#### Fleet Sales and Deliveries

The sales and market share data provided previously includes both retail and fleet vehicle sales. Certain fleet transactions, particularly daily rental, are generally less profitable than retail sales. In the accompanying tables fleet sales are presented as vehicle sales. A significant portion of the sales to daily rental car companies are recorded as operating leases under U.S. GAAP with no recognition of revenue at the date of initial delivery due to guaranteed repurchase obligations.

The following table summarizes estimated fleet sales and those sales as a percentage of total vehicle sales. Fleet sales data may

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

include rounding differences (vehicles in thousands):

	Years Ended December 31,				
	2012	2011	2010		
GMNA	775	740	715		
GME	500	564	534		
GMIO	408	378	330		
GMSA	190	246	217		
Total fleet sales	1,873	1,927	1,796		
Fleet sales as a percentage of total vehicle sales	20.2	% 21.4	% 21.4	%	

The following table summarizes U.S. fleet sales and those sales as a percentage of total U.S. vehicle sales (vehicles in thousands):

	Years Ended December 31,				
	2012	2011	2010		
Daily rental sales	431	417	429		
Other fleet sales	242	222	195		
Total fleet sales	673	639	624		
Fleet sales as a percentage of total vehicle sales					
Cars	30.6	% 31.3	% 36.9	%	
Trucks	25.3	% 24.2	% 23.4	%	
Crossovers	19.2	% 18.8	% 22.9	%	
Total vehicles	25.9	% 25.5	% 28.2	%	

### Product Pricing

Several methods are used to promote our products, including the use of dealer, retail and fleet incentives such as customer rebates and finance rate support. The level of incentives is dependent in large part upon the level of competition in the markets in which we operate and the level of demand for our products. In 2013 we will continue to price vehicles competitively, including offering strategic and tactical incentives as required. We believe this strategy, coupled with sound inventory management, will continue to strengthen the reputation of our brands and result in competitive prices.

### Cyclical Nature of Business

Retail sales are cyclical and production varies from month to month. Vehicle model changeovers occur throughout the year as a result of new market entries. The market for vehicles depends on general economic conditions, credit availability and consumer spending.

### Relationship with Dealers

We market vehicles worldwide primarily through a network of independent authorized retail dealers. These outlets include distributors, dealers and authorized sales, service and parts outlets.

The following table summarizes the number of authorized dealerships:

December 31, 2012	December 31, 2011	December 31, 2010
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GMNA	5,015	5,068	5,167
GME	7,574	7,745	7,859
GMIO	6,915	6,901	6,053
GMSA	1,250	1,162	1,136
Total worldwide	20,754	20,876	20,215

We enter into a contract with each authorized dealer agreeing to sell to the dealer one or more specified product lines at wholesale

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

prices and granting the dealer the right to sell those vehicles to retail customers from an approved location. Our dealers often offer more than one GM brand at a single dealership in a number of our markets in order to enhance dealer profitability. Authorized dealers offer parts, accessories, service and repairs for GM vehicles in the product lines that they sell using GM parts and accessories. Our dealers are authorized to service GM vehicles under our limited warranty program and those repairs are to be made only with GM parts. Our dealers generally provide their customers access to credit or lease financing, vehicle insurance and extended service contracts provided by GM Financial, Ally Financial, Inc. (Ally Financial) and other financial institutions.

The quality of GM dealerships and our relationship with our dealers and distributors are critical to our success as dealers maintain the primary sales and service interface with the end consumer of our products. In addition to the terms of our contracts with our dealers we are regulated by various country and state franchise laws that may supersede those contractual terms and impose specific regulatory requirements and standards for initiating dealer network changes, pursuing terminations for cause and other contractual matters.

## Research, Product Development and Intellectual Property

Costs for research, manufacturing engineering, product engineering, and design and development activities relate primarily to developing new products or services or improving existing products or services including activities related to vehicle emissions control, improved fuel economy and the safety of drivers and passengers.

The following table summarizes research and development expense (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Research and development expense	\$7,368	\$8,124	\$6,962

Our top priority for research is to continue to develop and advance our alternative propulsion strategy because energy diversity and environmental leadership are critical elements of our overall business strategy. Our objective is to be the recognized industry leader in fuel efficiency through the development of a wide variety of technologies to reduce petroleum consumption.

## Fuel Efficiency

We are fully committed to meeting the requirements of the Energy Independence and Security Act of 2007 and compliance with other regulatory schemes. We plan to achieve compliance through a combination of strategies including: (1) extensive technology improvements to conventional powertrains; (2) increased use of smaller displacement engines and improved and advanced automatic transmissions; (3) vehicle improvements including increased use of lighter, front-wheel drive architectures; (4) increased hybrid and electric vehicle offerings; and (5) portfolio changes including increasing car/crossover mix and dropping select larger vehicles in favor of smaller, more fuel efficient offerings.

## Alternative Fuel Vehicles

Alternative fuels offer the greatest near-term potential to reduce liquid petroleum consumption in the transportation sector. Leveraging experience and capability developed around these technologies in our global operations we continue to develop FlexFuel vehicles that can run on gasoline-ethanol blend fuels as well as vehicles that run on compressed natural gas (CNG) and liquefied petroleum gas (LPG).



We currently offer 21 FlexFuel vehicles in the U.S. for the 2013 model year plus an additional four models to fleet and commercial customers capable of operating on gasoline, E85 ethanol or any combination of the two. We continue to study the future role FlexFuel vehicles may play in the U.S. in light of recent regulatory developments and the rate of development of the refueling infrastructure. In 2012 95% of vehicle sales in Brazil were FlexFuel vehicles capable of running on 100% ethanol blends. We also market FlexFuel vehicles in Australia, Thailand and other global markets where biofuels have emerged in the marketplace.

We support the development of biodiesel blend fuels, which are clean-burning alternative diesel fuels produced from renewable sources, and we provide biodiesel capabilities in other markets reflecting the availability of biodiesel blend fuels.

We produce CNG bi-fuel capable vehicles in Europe such as the Opel Zafira, and in the U.S., the Chevrolet Express and GMC Savana fullsize vans are offered to fleet and commercial customers, that are capable of switching between gasoline or diesel and CNG. In November 2012 we began production of the CNG bi-fuel Chevrolet Silverado and GMC Sierra 2500 HD pickup trucks

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that are available to both commercial and retail customers. We offer LPG capable vehicles in select markets in Europe, Asia Pacific, South America and North America reflecting the infrastructure, regulatory focus and natural resource availability of the markets in which they are sold.

Hybrid, Plug-In, Extended Range and Battery Electric Vehicles

We are investing significantly in multiple technologies offering increasing levels of vehicle electrification including eAssist, plug-in hybrid, extended range and battery electric vehicles. We currently offer 12 hybrid models and continue to develop plug-in hybrid electric vehicle technology (PHEV) and extended range electric vehicles such as the Chevrolet Volt and Opel Ampera. In 2013 we plan to produce the Chevrolet Spark pure electric vehicle and plan to invest heavily to support the expansion of our electric vehicle offerings and in-house development and manufacturing capabilities of advanced batteries, electric motors and power control systems.

Hydrogen Fuel Cell Technology

As part of our long-term strategy to reduce petroleum consumption and greenhouse gas emissions we are committed to continuing development of our hydrogen fuel cell technology. Our Chevrolet Equinox fuel cell electric vehicle demonstration programs, such as Project Driveway, have accumulated more than 2.5 million miles of real-world driving by consumers, celebrities, business partners and government agencies. These programs are helping us identify consumer and infrastructure needs to understand the business case for potential production of this technology.

OnStar

OnStar, LLC (OnStar) is a wholly-owned subsidiary of GM serving more than 6.3 million subscribers in the U.S. and Canada and, through a joint venture, China. OnStar is a provider of connected safety, security and mobility solutions and advanced information technology and is available on the majority of our 2013 model year vehicles. OnStar's key services include automatic crash response, stolen vehicle assistance, remote door unlock, turn-by-turn navigation, vehicle diagnostics and hands-free calling.

In recent years, OnStar has developed a system based on the findings of a Center for Disease Control and Prevention expert panel which allows OnStar advisors to alert first responders when a vehicle crash is likely to have caused serious injury to the occupants. OnStar also launched a mobile application leveraging OnStar's unique connection to the vehicle to provide OnStar subscribers with up-to-date vehicle information such as oil level, tire pressure and fuel level as well as providing remote start, remote door unlock and navigation services from a mobile phone.

Product Development

Our vehicle development activities are integrated into a single global organization. This strategy builds on earlier efforts to consolidate and standardize our approach to vehicle development. We define a global architecture as a specific range of performance characteristics and dimensions supporting a common set of major underbody components and subsystems with common interfaces.

A centralized organization is responsible for many of the non-visible parts of the vehicle such as steering, suspension, the brake system, the heating, ventilation and air conditioning system and the electrical system. This team works very closely with the global architecture development teams around the world, who are responsible for components that are unique to each brand, such as exterior and interior design, tuning of the vehicle to meet the brand character

requirements and final validation to meet applicable government requirements.

#### Intellectual Property

We generate and hold a significant number of patents in a number of countries in connection with the operation of our business. While none of these patents by itself is material to our business as a whole, these patents are very important to our operations and continued technological development. We hold a number of trademarks and service marks that are very important to our identity and recognition in the marketplace.

#### Raw Materials, Services and Supplies

We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers for use in the manufacture of our products. The raw materials are primarily composed of steel, aluminum, resins, copper,

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lead and platinum group metals. We have not experienced any significant shortages of raw materials and normally do not carry substantial inventories of such raw materials in excess of levels reasonably required to meet our production requirements.

In some instances, we purchase systems, components, parts and supplies from a single source and may be at an increased risk for supply disruptions. The inability or unwillingness of these sources to supply us with parts and supplies could have a material adverse effect on our production capacity. Purchases from our two largest suppliers have ranged from approximately 10% to 11% of our total purchases from 2010 to 2012.

Environmental and Regulatory Matters

Automotive Emissions Control

We are subject to laws and regulations that require us to control automotive emissions, including vehicle exhaust emission standards, vehicle evaporative emission standards and onboard diagnostic (OBD) system requirements. Advanced OBD systems are used to identify and diagnose problems with emission control systems. Problems detected by the OBD system may increase warranty costs and the chance for recall. Emission and OBD requirements become more challenging each year as vehicles must meet lower emission standards and new diagnostics are required and will continue to become even more stringent throughout the world.

North America

The federal government imposes stringent emission control requirements on vehicles sold in the U.S. and additional requirements are imposed by various state governments. These requirements include pre-production testing of vehicles, testing of vehicles after assembly, the imposition of emission defect and performance warranties and the obligation to recall and repair vehicles that do not comply with emissions requirements. We must obtain certification that the vehicles will meet emission requirements from the United States Environmental Protection Agency (EPA) before we can sell vehicles in the U.S. and Canada and from the California Air Resources Board (CARB) before we can sell vehicles in California and other states that have adopted the California emissions requirements.

We believe that our vehicles meet the current EPA and CARB requirements. If our vehicles do not comply with the emission standards or if defective emission control systems or components are discovered in such testing, or as part of government required defect reporting, we could incur substantial costs related to emissions recalls and possible fines. We expect that new CARB and federal requirements will increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance.

Fleet-wide compliance with current EPA and CARB emission standards must be achieved based on a sales-weighted fleet average. CARB has adopted its next round of emission requirements which phase in with the 2015 model year. These requirements include more stringent exhaust emission and evaporative emission standards. The EPA is also developing similar requirements which if adopted are expected to phase in with the 2017 model year. Both the EPA and the CARB have enacted regulations to control the emissions of greenhouse gases. Since we believe these regulations are effectively a form of fuel economy requirement, they are discussed under "Automotive Fuel Economy."

California law requires that 12% of 2013 model year cars and certain light-duty trucks sold in the state must be zero emission vehicles (ZEV) such as electric vehicles or hydrogen fuel cell vehicles. The requirement is based on a complex system of credits that vary in magnitude by vehicle type and model year. Manufacturers have the option of

meeting a portion of this requirement with partial ZEV credit for vehicles that meet very stringent exhaust and evaporative emission standards and have extended emission system warranties. Additional portions of the ZEV requirement can be met with vehicles that meet these partial ZEV requirements and incorporate advanced technology such as hybrid and plug-in hybrid electric propulsion systems meeting specified criteria. We are complying with the ZEV requirements using a variety of means including producing vehicles certified to the partial ZEV requirements. CARB has adopted 2018 model year and later requirements for increasing volumes of ZEVs to achieve greenhouse gas as well as criteria pollutant emission reductions to help achieve the state's long-term greenhouse gas reduction goals. A portion of this requirement may be met with PHEVs that meet specified criteria including an extended emission system warranty.

The Clean Air Act permits states that have areas with air quality compliance issues to adopt the California car and light-duty truck emission standards in lieu of the federal requirements. Twelve states as well as the Province of Quebec currently have these standards in effect. One state has adopted those standards beginning in the 2014 model year and additional states could also adopt the California standards in the future.

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Vehicles equipped with heavy-duty engines are also subject to stringent emission requirements and could be recalled or fines could be imposed against us should testing or defect reporting identify noncompliance with emission requirements. We also certify heavy-duty engines for installation in other manufacturers' products. The heavy-duty exhaust standards became more stringent in the 2010 model year. We are using a system of credits to help meet these stringent standards as permitted by EPA and CARB regulations. OBD requirements were first applied to heavy-duty vehicles beginning with the 2010 model year, which we are meeting with certain hardware and software changes.

Europe

Emissions are regulated by two different entities: the European Commission (EC) and the United Nations Economic Commission for Europe (UNECE). The EC imposes harmonized emission control requirements on vehicles sold in all 27 European Union (EU) Member States and other countries apply regulations under the framework of the UNECE. EU Member States can give tax incentives to automobile manufacturers for vehicles which meet emission standards earlier than the compliance date. We must demonstrate that vehicles will meet emission requirements in witness tests and type approval from an approval authority before we can sell vehicles in the EU Member States. Type approval requires the manufacturer to provide a representative vehicle to the evaluating agency who then determines if the particular type of vehicle is fully compliant with the applicable regulations. The regulatory requirements include random testing of newly assembled vehicles and a manufacturer in-use surveillance program. EU and UNECE requirements are equivalent in terms of stringency and implementation.

A new level of exhaust emission standards for cars and light-duty trucks, Euro 5, was effective in 2011. Future European emission standards focus particularly on further reducing emissions from diesel vehicles. The new Euro 6 emission levels will become effective in 2014. The new requirements will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines. To comply with Euro 6 standards we expect that we will need to implement technologies identical to those being developed to meet U.S. emission standards. These technologies will put additional cost pressures on the already challenging European market for small- and mid-size diesel vehicles. Gasoline engines are also affected by the new requirements. The measures for gasoline vehicles that require technology to reduce exhaust pollutant emissions will have adverse effects on vehicle fuel economy which drives additional technology cost to maintain fuel economy.

The adoption of additional requirements of Euro 6 has been extended by the EC to 2017. In the long-term, notwithstanding the already low vehicle emissions in Europe, the EC will continue devising regulatory requirements on the emission test cycle, real driving emission, low temperature testing, fuel evaporation and OBD.

International Operations

China has implemented Euro 4 standards with European OBD requirements nationwide for newly registered vehicles. Beijing is expected to require many elements of Euro 5 standards for newly registered vehicles beginning in 2013 with additional elements of Euro 5 standards to be enforced beginning in 2014. Nationwide implementation of Euro 5 is expected between 2015 and 2017. For diesel-powered vehicles China has implemented Euro 4 standards for new type approvals of both light-duty diesel vehicles and all new registrations of heavy-duty diesel vehicles. Enforcement of Euro 4 standards for new diesel light-duty registrations has been delayed until 2013.

South Korea has implemented the Euro 5 emission standards with European OBD requirements for diesel-powered vehicles, and the CARB standards for gasoline/LPG-powered vehicles. Commencing in 2014 new type-approvals will

require the vehicle to meet Euro 6 diesel standards. The government is also considering the introduction of amendments to the low-emission vehicle program, LEVIII of the CARB standards, for gasoline/LPG-powered vehicles, with the planned implementation in 2016.

#### South America

Certain countries follow the U.S. test procedures, standards and OBD requirements and others follow the EU test procedures, standards and OBD requirements with different levels of stringency. Brazil implemented national L5 low emission vehicle standards for passenger cars and light commercial vehicles in 2009. L6 standards for light diesel vehicles were implemented in 2012 and mandate OBD installation for light diesel vehicles in 2015. L6 standards for light gasoline vehicles are to be implemented in 2014 for new vehicles and 2015 for all models. Argentina implemented Euro 4 standards starting with new vehicle registrations in 2009 and the implementation of Euro 5 standards has been delayed from 2012 to 2014 for new vehicles and from 2014 to 2016 for all vehicles. Chile has enforced Euro 5 or U.S. Tier 2 Bin 5 emission standards for diesel vehicles and will implement Euro 5 or U.S. Tier 2 Bin 5 standards for gasoline vehicles in September 2014.

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## Industrial Environmental Control

## Environmental Matters

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental cleanup. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances these laws impose joint and several liability as well as liability for related damages to natural resources.

The future effect of environmental matters including potential liabilities is often difficult to estimate. At December 31, 2012 our accruals for environmental liabilities were \$166 million which is expected to be paid out over the periods of remediation for the applicable sites. Remediation periods typically range from five to 30 years.

## Site Remediation

The following table summarizes the expenditures for site-remediation actions including ongoing operations and maintenance (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Site remediation expenditures	\$25	\$33	\$19

It is possible that such remediation actions could require average annual expenditures of \$30 million over the next five years.

However, currently unidentified remediation costs and other damages for which we ultimately may be responsible cannot be determined with specificity because of uncertainties with respect to factors such as our connection to the site or to materials located at the site, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation). As a result we are unable to determine with specificity the total amount of costs or other damages for which we are potentially responsible in connection with all sites although that total could be substantial.

## Facility Management

To mitigate the effects our worldwide facilities have on the environment we are committed to convert as many of our worldwide facilities as possible to landfill-free facilities. At December 31, 2012 84 (or over 50%) of our manufacturing facilities were landfill-free facilities. Additionally we have 20 non-manufacturing facilities that are landfill free. At our landfill-free facilities approximately 97% of waste materials are recycled or reused and 3% is converted to energy at waste-to-energy facilities. Including construction, demolition and remediation wastes, we estimate that we recycled or reused over 2 million metric tons of waste materials at our global manufacturing operations and estimate that we converted approximately 61,000 metric tons of waste materials to energy at waste-to-energy facilities in the year ended December 31, 2012.



We continue to make progress on our 2020 Manufacturing Commitment to reduce total waste on a kg/vehicle basis by 10%, having reduced total waste by over 1.5 kg/vehicle in 2012 from our 2010 baseline (exclusive of metals and foundry-related wastes) and more than a 30 kg/vehicle reduction including metals and foundry-related wastes.

In addition to providing environmental benefits our landfill-free program and total waste reduction commitments help to reduce the risks and financial liabilities associated with waste disposal.

We continue to implement our global energy strategy with a goal to increase our green power purchases and improve our energy efficiency. Our data collection and management system is designed to monitor and measure energy use as well as calculate the related CO<sub>2</sub> emissions including collecting and verifying energy, water and other environmental data from our facilities. Our approach to manage our greenhouse gas emissions includes a global process to collect accurate data, internal and external targets and publicly reporting progress against the established targets.

Automotive Fuel Economy

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North America

Corporate Average Fuel Economy (CAFE) reporting is required for three separate fleets: domestically produced cars, imported cars and light-duty trucks. Beginning with the 2011 model year both car and light-duty truck standards were established using targets for various vehicle sizes and vehicle model sales volumes. In 2012 our domestic car standard was estimated to be 32.3 mpg and our light-duty truck standard was estimated to be 23.8 mpg. We do not have an import car fleet for 2012. Our current product plan is expected to be compliant with the federal CAFE program.

In August 2012 the EPA and the National Highway Transportation Safety Administration (NHTSA) finalized a coordinated national program consisting of new requirements for the 2017 through 2025 model year light-duty vehicles that will reduce greenhouse gas emissions and improve fuel economy. This regulation represents a continuation of the national program that has been established for the 2012 through 2016 model year light-duty vehicles. This program includes EPA and NHTSA standards that will require an industry-wide target standard of 250 grams of carbon-related exhaust emissions per mile and 34.1 mpg by 2016. Our current product plan projects compliance with both federal programs through 2016.

The CARB regulates greenhouse gas emissions from vehicles (which is the same as regulating fuel economy). This California program is currently established for the 2009 through 2016 model years. CARB has agreed that compliance with the federal program is deemed to be compliant with the California program for the 2012 through 2016 model years.

A Canadian governmental agency implemented greenhouse gas standards that were harmonized with U.S. standards beginning with the 2011 model year. However these regulations do not require the separation of car fleet into domestic and import vehicles.

The Province of Quebec had previously adopted standards for the 2009 through 2016 model years that were equivalent to the California program but has revised their regulations to allow compliance with the national standards effective with the 2012 model year.

Europe

Legislation was passed in 2009 to regulate vehicle CO<sub>2</sub> emissions which began in 2012. Based on a target function of CO<sub>2</sub> to vehicle weight, each automobile manufacturer must meet a specific sales-weighted fleet average target. This fleet average requirement began phasing in during 2012 with full compliance required by 2015. Automobile manufacturers can earn super-credits for the sales volume of vehicles having a specific CO<sub>2</sub> value of less than 50 grams CO<sub>2</sub> per kilometer. This is intended to encourage the early introduction of ultra-low CO<sub>2</sub> vehicles such as the Chevrolet Volt and Opel Ampera by providing an additional incentive to reduce the CO<sub>2</sub> fleet average. Automobile manufacturers may gain credit of up to seven grams for eco-innovations for those technologies which improve real-world fuel economy but may not show in the test cycle, such as solar panels on vehicles. There is also a 5% credit for FlexFuel vehicles if more than 30% of refueling stations in an EU Member State sell E85. Further regulatory detail is being developed. The legislation sets a target of 95 grams CO<sub>2</sub> per kilometer for 2020 with an impact assessment required to further assess and develop this requirement. We are developing a compliance plan by adopting operational CO<sub>2</sub> targets for each market entry in Europe.

In 2011 the EU adopted a standard to regulate CO<sub>2</sub> emissions from light commercial vehicles. This regulation is modeled after the CO<sub>2</sub> regulation for passenger cars. It proposes that new light commercial vehicles meet a fleet average CO<sub>2</sub> target of 175 grams CO<sub>2</sub> per kilometer with a phase in of compliance from 2014 and full compliance required by 2016. The manufacturer-specific CO<sub>2</sub> compliance target will be determined as a function of the weight of the vehicle with all standard equipment and fuel (vehicle curb weight). Flexibilities such as eco-innovations and super credits are part of the regulatory proposal as well. An EU long-term target for 2020 of 147 grams CO<sub>2</sub> per kilometer has been adopted for light commercial vehicles. We have developed a compliance plan by adopting operational CO<sub>2</sub> targets for each market entry in Europe.

In July 2012 the EU Commission released a regulatory proposal outlining the regulatory implementation of the 95g/km (passenger cars) and 147g/km (light commercial vehicles) targets effective in 2020. The individual manufacturer targets will continue to be determined based on the average vehicle mass. Other compliance flexibilities have been limited adding additional challenges to compliance with the CO<sub>2</sub> fleet target. We are assessing the impacts of limited flexibilities on our compliance plan. We are involved in the debate as the political discussion unfolds.

Effective in November 2012 an EC regulation required low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators, which we adopted in 2011. An additional EC regulation has been adopted that will require labeling of tires for

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noise, fuel efficiency and rolling resistance, affecting vehicles at the point of sale as well as the sale of tires in the aftermarket.

Seventeen EU Member States have introduced fuel consumption or CO<sub>2</sub> based vehicle taxation schemes. Tax measures are within the jurisdiction of the EU Member States. We are faced with significant challenges relative to the predictability of future tax laws and differences in the tax schemes and thresholds.

International Operations

We face new or increasingly more stringent fuel economy standards in many countries. China has established new Phase 3 fuel economy standards supplementing the current Phase 2 pass-fail system with a corporate fleet average scheme based on vehicle curb weight for the 2012 through 2015 model years. Implementation began in 2012 with full compliance required by 2015. China has continued its retail subsidies for consumers for fuel efficient vehicles, extended range and plug-in, battery electric and fuel cell vehicles. China is now working on a more aggressive Phase 4 fuel economy standard that is expected to apply to the 2016 through 2020 model years.

In Korea fuel economy/CO<sub>2</sub> targets for 2012 through 2015 were implemented as part of the government's low carbon/green growth strategy. These targets are based on each vehicle's curb weight and in general are set at levels more stringent than fuel economy targets in the U.S. but less stringent than CO<sub>2</sub> targets in the EU. The targets began being phased in during 2012 with full compliance by 2015 with manufacturers having the option to certify based on either fuel consumption or CO<sub>2</sub> emissions. Each manufacturer has been given a corporate target to meet based on its overall industry fleet fuel economy/CO<sub>2</sub> average. GM Korea's current product portfolio is expected to comply with the targets by 2015. However, in 2013 the Korean government plans to set more stringent fuel economy targets for 2016 and beyond that will likely reach the level in Japan by 2020 and the level in the EU by 2025.

In Australia the government is planning to adopt attribute-based CO<sub>2</sub> standards beginning in 2015 with standards expected to become more stringent through 2020.

South America

In Brazil governmental bodies and the automobile manufacturers association established a national voluntary program for evaluation and labeling of light passenger and commercial vehicles equipped with internal combustion gasoline engines. This voluntary program aims to increase vehicle energy efficiency by labeling vehicles with fuel consumption measurements for urban, extra-urban and combined (equivalent to city and highway mpg measurements in the U.S.) driving conditions.

In October 2012 the Brazilian government issued a decree which will provide indirect tax incentives, beginning January 1, 2013, to eligible participant companies that meet certain energy efficiency targets. The level of potential indirect tax incentives varies based on the degree and timing to which the targets are met. To the extent targets are not met, penalties and interest will be levied and no indirect tax incentives will be available.

In Chile starting in February 2013 every new vehicle with no more than eight seats is required to be tested in order to determine its reference values to be included in the new mandatory fuel economy label. As a result of this process, the label indicates the fuel consumption values for city, highway and combined city-highway and the CO<sub>2</sub> emission values.

## Chemical Regulations

### North America

Governmental agencies in both the U.S. and Canada continue to introduce new regulations and legislation related to the selection and use of safer chemical alternatives, green chemistry, life cycle assessment, and product stewardship initiatives. These initiatives will give broad regulatory authority to ban or restrict the use of certain chemical substances and potentially affect automobile manufacturers' responsibilities for vehicle life-cycle, including chemical substance selection for product development and manufacturing. These emerging regulations will potentially lead to increases in costs and supply chain complexity.

### Europe

In 2007 the EU implemented its regulatory requirements, EU REACH regulation, to register, evaluate, authorize and restrict the use of chemical substances. This regulation requires chemical substances manufactured in or imported into the EU in quantities

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of one metric ton or more per year to be registered with the European Chemicals Agency before 2018. During the pre-registration phase, Old GM and its suppliers registered those substances identified by this regulation. It is to be phased-in over a 10-year period. Under this regulation, “substances of very high concern” may either require authorization for further use or may be restricted in the future. This could potentially increase the cost of certain alternative substances that are used to manufacture vehicles and parts, or result in a supply chain disruption when a substance is no longer available to meet production timelines. Our research and development initiatives may be diverted to address future requirements.

We continually monitor the implementation of chemical regulations to maintain compliance and evaluate their effect on our business, suppliers, and the automotive industry.

Safety

In the U.S. if a vehicle or vehicle equipment does not comply with a safety standard or if a vehicle defect creates an unreasonable safety risk the manufacturer is required to notify owners and provide a remedy. We are required to report certain information relating to certain customer complaints, warranty claims, field reports and notices and claims involving property damage, injuries and fatalities in the U.S. and claims involving fatalities outside the U.S. We are also required to report certain information concerning safety recalls and other safety campaigns outside the U.S.

Outside the U.S. safety standards and recall regulations often have the same purpose as the U.S. standards but may differ in their requirements and test procedures. Other countries sometimes pass regulations which are more stringent than U.S. standards. Many countries require type approval while the U.S. and Canada require self-certification.

Vehicular Noise Control

In the U.S. passenger cars and light-duty trucks are subject to state and local motor vehicle noise regulations. We identify the most stringent state and local requirements and validate to those requirements. Medium to heavy-duty trucks are regulated at the federal level. Federal truck regulations preempt all U.S. state or local noise regulations for trucks over a gross vehicle weight rating of 10,000 lbs.

Outside the U.S. noise regulations have been established by authorities at the national and supranational level (e.g., EC or UNECE). We believe that our vehicles meet all applicable noise regulations in the markets where they are sold. The EC has proposed new noise regulations that would mandate a significant decrease in vehicle noise emissions. These proposals are coupled with a new test procedure to better estimate the actual in-use noise emission of vehicles. The proposals of the EC also form the basis for amendment to UNECE vehicle regulations, with the expected effect that maximum noise regulations will become more stringent in all markets outside of North America. At this point, the final noise emission levels as well as the implementation timing of the final regulations are uncertain.

While current noise emission requirements regulate maximum allowable noise levels, formal proposals are under development to regulate minimum sound levels. These proposals stem from concern that relatively quiet vehicles, specifically hybrids and electrics, may not be readily heard by pedestrians. In the United States, NHTSA has issued a Notice of Proposed Rulemaking on January 14, 2013 and is required to issue a final regulation for the minimum level of sound for hybrid and electric vehicles by January 2014. The UNECE is developing a Global Technical Regulation, sponsored by the United States, Japan, and the EU, for manufacturers to equip vehicles with pedestrian alerting devices where the vehicle fails to meet minimum sound emission levels.

We are committed to designing and manufacturing vehicles to comply with these regulations and potential noise emission regulations that may come from these proposals.

#### Potential Effect of Regulations

We are actively working on aggressive near-term and long-term plans to develop and bring to market technologies designed to further reduce emissions, mitigate remediation expenses related to environmental liabilities, improve fuel efficiency, monitor and enhance the safety features of our vehicles and provide additional value and benefits to our customers. This is illustrated by our commitment to marketing more hybrid vehicles, our accelerated commitment to developing electrically powered vehicles, our use of biofuels in our expanded portfolio of FlexFuel vehicles and enhancements to conventional internal combustion engine technology which have contributed to the fuel efficiency of our vehicles. The conversion of many of our manufacturing facilities to landfill-free status has shown our commitment to mitigate potential environmental liability. We believe that the development and global implementation of new, cost-effective energy technologies in all sectors is the most effective way to improve energy efficiency,

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reduce greenhouse gas emissions and mitigate environmental liabilities.

Despite these advanced technology efforts, our ability to satisfy fuel economy, CO<sub>2</sub> and other emissions requirements is contingent on various future economic, consumer, legislative and regulatory factors that we cannot control or predict with certainty. If we are not able to comply with specific new requirements, which include higher CAFE standards and state CO<sub>2</sub> requirements such as those which require the CARB to regulate greenhouse gas emissions from vehicles, then we could be subject to sizeable civil penalties or have to restrict product offerings drastically to remain in compliance. Environmental liabilities for which we may be responsible are not reasonably estimable and could be substantial. Violations of safety or emissions standards could result in the recall of one or more of our products. In turn any of these actions could have substantial adverse effects on our operations including facility idling, reduced employment, increased costs and loss of revenue.

Pension Legislation

We are subject to a variety of U.S. federal rules and regulations including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006 which govern the manner in which we fund and administer our pension plans. In July 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for U.S. pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect the new law to further delay required contributions to our U.S. pension plans. The new law does not impact our reported funded status or funding contemplated under our derisking initiatives.

Export Control

We are subject to U.S. export control laws and regulations and most countries in which we do business have applicable export controls. Our Office of Export Compliance and our global Export Compliance Officers are responsible for working with our business units to ensure compliance with these laws and regulations.

Automotive Financing - GM Financial

GM Financial (formerly AmeriCredit Corp.) which we acquired on October 1, 2010 for cash of \$3.5 billion is our captive automotive finance company that has been operating since 1992. GM Financial purchases automobile finance contracts for new and used vehicles purchased by consumers primarily from franchised and select independent dealerships. GM Financial predominantly offers financing to consumers who are typically unable to obtain financing from more traditional sources. The typical borrower has experienced prior credit difficulties or has limited credit history and generally has a credit bureau score ranging from 500 through 700. GM Financial services its loan portfolio at regional centers using automated loan servicing and collection systems. Since GM Financial provides financing in a relatively high-risk market it expects to sustain a higher level of credit losses than other more traditional sources of financing.

GM Financial finances its loan origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains an interest in these securitization trusts that are over collateralized whereby more receivables are transferred to the securitization trusts than the amount of asset-backed securities issued by the securitization trusts as well as the estimated future excess cash flows expected to be received by GM Financial over the life of the securitization. Excess cash flows result from the difference between the finance charges received from the obligors on the receivables and the interest paid to investors in the asset-backed securities



net of credit losses and expenses.

Excess cash flows in the securitization trusts are initially utilized to fund credit enhancement requirements in order to attain specific credit ratings for the asset-backed securities issued by the securitization trusts. Once targeted credit enhancement requirements are reached and maintained excess cash flows are distributed to GM Financial or, in a securitization utilizing a senior subordinated structure, may be used to accelerate the repayment of certain subordinated securities. In addition to excess cash flows GM Financial receives monthly base servicing fees and collects other fees such as late charges as servicer for securitization trusts.

In November 2012 GM Financial entered into an agreement with Ally Financial to acquire Ally Financial's automotive finance and financial services operations in Europe and Latin America. Additionally in November 2012 GM Financial entered into a share transfer agreement with Ally Financial to acquire Ally Financial's equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC) that conducts automotive finance and financial services operations in China. The purchases will allow GM Financial to support our dealers in markets comprising 80% of our global sales. The combined consideration will be approximately \$4.2 billion, subject to certain possible closing adjustments. Pursuant to the transactions GM Financial's assets are expected to double to approximately \$33.0 billion and its liabilities, including consolidated debt, will increase to approximately

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\$27.0 billion compared with \$11.8 billion at December 31, 2012. The closings of the transactions are expected to occur in stages throughout 2013.

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis. We believe the availability of financing for our dealers is important to our business. GM Financial plans to launch similar commercial lending in Canada during the first half of 2013.

In April 2011 GM Financial began originating leases for our customers in Canada via FinanciaLinx Corporation. Given the importance of leasing and the previous lack of availability of leasing offerings to our customers in the Canadian market (due to regulatory restrictions preventing banks and bank holding companies from offering leasing in Canada), we believe having a captive financing offering in Canada is strategically important to our business. In August 2012 GM Financial began offering consumer sub-prime financing in Canada.

In December 2010 GM Financial began offering a lease product in certain geographic areas through our franchised dealerships that targets consumers with prime credit bureau scores leasing new GM vehicles. During 2011 GM Financial completed the nationwide rollout of the lease product in the U.S. including separate product offerings for prime and sub-prime customers. GM Financial continues to expand its business in targeted areas that it views as strategic and to otherwise evaluate opportunities in specific segments of the automotive financing market.

## Employees

At December 31, 2012 we employed 213,000 employees of whom 143,000 (67%) were hourly employees and 70,000 (33%) were salaried employees. The following table summarizes worldwide employment (in thousands):

	December 31, 2012	December 31, 2011	December 31, 2010
GMNA	101	98	96
GME	37	39	40
GMIO (a)	39	34	32
GMSA	32	33	31
GM Financial	4	3	3
Total Worldwide	213	207	202
U.S. - Salaried	30	29	28
U.S. - Hourly	50	48	49

Increase in GMIO employees in the year ended December 31, 2012 includes an increase of 4,000 employees due to (a) the acquisition of HKJV. Refer to Note 4 to our consolidated financial statements for detail regarding the acquisition.

At December 31, 2012 50,000 of our U.S. employees (or 62%) were represented by unions, a majority of which were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). Many of our employees outside the U.S. were represented by various unions. At December 31, 2012 we had 395,000 U.S. hourly and 114,000 U.S. salaried retirees, surviving spouses and deferred vested participants. Salaried retiree participant count includes participants who will receive their pension payments from a third-party

insurance company as disclosed in Note 18 to our consolidated financial statements.

Executive Officers of the Registrant

The names and ages as of February 15, 2013 of our executive officers and their positions and offices with GM are as follows:

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Name and (Age)	Positions and Offices
Daniel F. Akerson (64)	Chairman and Chief Executive Officer
Stephen J. Girsky (50)	GM Vice Chairman, Corporate Strategy, Business Development, Global Product Planning, and Global Purchasing and Supply Chain and Interim President, Europe
Daniel Ammann (40)	GM Senior Vice President and Chief Financial Officer
Jaime Ardila (57)	GM Vice President and President, South America
Mary T. Barra (51)	GM Senior Vice President, Global Product Development
Timothy E. Lee (62)	GM Vice President, Global Manufacturing and President, International Operations
Michael P. Millikin (64)	GM Senior Vice President and General Counsel
Mark L. Reuss (49)	GM Vice President and President, North America
Selim Bingol (52)	GM Vice President, Global Communications and Public Policy
Nicholas S. Cyprus (59)(a)	GM Vice President, Controller and Chief Accounting Officer
James A. Davlin (49)	GM Vice President, Finance and Treasurer
Robert E. Ferguson (53)	GM Vice President, Global Cadillac
Randall D. Mott (56)	GM Vice President, Information Technology and Chief Information Officer

(a) Retiring effective July 15, 2013.

Each of the officers named above was elected by the Board of Directors or a committee of the Board to hold office until the next annual election of officers and until his or her successor is elected and qualified or until his or her earlier resignation or removal. The Board of Directors elects the officers immediately following each annual meeting of the stockholders and may appoint other officers between annual meetings.

Daniel F. Akerson was named Chief Executive Officer in September 2010 and Chairman in January 2011. He has been a member of our Board of Directors since July 2009. Before joining GM, he was Managing Director and Head of Global Buyout of The Carlyle Group from July 2009 until August 2010 and Managing Director and Co-Head of the U.S. Buyout Fund from 2003 to 2009. Prior to joining The Carlyle Group he served as Chairman and Chief Executive Officer of XO Communications, Inc. from September 1999 to January 2003.

Stephen J. Girsky was named GM Vice Chairman and Interim President, Europe in July 2012, in addition to his responsibilities as Vice Chairman of Corporate Strategy, Business Development, Global Product Planning, and Global Purchasing and Supply Chain which he assumed in February 2011. He has been Vice Chairman of Corporate Strategy and Business Development since March 2010. He has been a member of our Board of Directors since July 2009 and serves on the Finance and Public Policy Committees. He has also been Chairman of the Adam Opel AG Supervisory Board since November 2011 and a member of that board since January 2010. Prior to joining GM he served as Senior Advisor to the Office of the Chairman of the Company from December 2009 to February 2010 and President of S. J. Girsky & Company, an advisory firm, from January 2009 to March 2010. From November 2008 to June 2009 he was an advisor to the UAW. From 2006 to 2009 he served as President of Centerbridge Industrial Partners, LLC, an affiliate of the private investment firm Centerbridge Partners, L.P. He also served as lead director of Dana Holding Corporation from 2008 to 2009.

Daniel Ammann was named GM Senior Vice President and Chief Financial Officer in April 2011. He has also been a member of the Adam Opel AG Supervisory Board since November 2011. He had been GM Vice President, Finance and Treasurer from April 2010 to April 2011. Before joining GM he was Managing Director and Head of Industrial Investment Banking for Morgan Stanley since 2004.

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Jaime Ardila, GM Vice President and President, South America has been employed by the Company or its predecessor since 1984. He was named Vice President and President, South America in June 2010. He had served as President and Managing Director of GM Mercosur since November 2007 with responsibility for operations in Brazil, Argentina, Uruguay, Paraguay, Chile, Bolivia and Peru.

Mary T. Barra, GM Senior Vice President, Global Product Development, has been employed by the Company or its predecessor since 1980. She was named Senior Vice President, Global Product Development in February 2011. She has also been a member

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of the Adam Opel AG Supervisory Board since January 2012. She was Vice President, Global Human Resources from July 2009 to January 2011. Prior to this appointment she had been Vice President, Global Manufacturing Engineering since February 2008.

Timothy E. Lee, GM Vice President, Global Manufacturing and President, International Operations, has been employed by the Company or its predecessor since 1969. He was named Vice President, Global Manufacturing and President, International Operations in July 2012. Previously, he had been GM Vice President and President, International Operations since December 2009. He has also been a member of the Adam Opel AG Supervisory Board since November 2011. He had been Group Vice President, Global Manufacturing and Labor since October 2009. He was GM North America Vice President, Manufacturing, from January 2006 to September 2009.

Michael P. Millikin, GM Senior Vice President and General Counsel, has been employed by the Company or its predecessor since 1977. He was appointed Senior Vice President and General Counsel in February 2011. He was Vice President and General Counsel from July 2009 to January 2011 and Associate General Counsel from June 2005 to July 2009. Mr. Millikin was intermittently a member of the Adam Opel AG Supervisory Board from 1998 to November 2012.

Mark L. Reuss, GM Vice President and President, North America, has been employed by the Company or its predecessor since 1983. He was named Vice President and President, North America in December 2009. Before this appointment he served briefly as Vice President of Engineering. He managed the operations in Australia and New Zealand as the President and Managing Director of GM Holden, Ltd. from February 2008 to July 2009.

Selim Bingol was named GM Vice President, Global Communications and Public Policy in October 2012. He had been GM Vice President, Global Communications since March 2010. He also serves as Chairman of the GM Foundation. Before joining GM he was Senior Vice President, Corporate Communications at AT&T Corporation from December 2004 to August 2007.

Nicholas S. Cyprus, GM Vice President, Controller and Chief Accounting Officer, has been employed by the Company or its predecessor since 2006 and will be retiring effective July 15, 2013. He was named Vice President, Controller and Chief Accounting Officer in August 2009. He was Controller and Chief Accounting Officer from December 2006 to August 2009. Prior to joining GM he was Senior Vice President, Controller and Chief Accounting Officer for The Interpublic Group of Companies from May 2004 to March 2006.

James A. Davlin was named GM Vice President, Finance and Treasurer in October 2011. He joined GM from Deere & Company where he was Vice President of Corporate Strategy and Business Development from October 2010 to September 2011 and served as Vice President and Treasurer from January 2007 to September 2010.

Robert E. Ferguson was named GM Vice President, Global Cadillac in October 2012. He had been GM Vice President, Global Public Policy since May 2011. He joined GM in January 2010 as Vice President, Government Relations. Previously he had been a senior strategist at Public Strategies, Inc. since 2008 where he provided counsel to clients such as the International Olympic Committee. Prior to that he served as President of State Legislative and Regulatory Affairs at AT&T Corporation between 2005 and 2008.

Randall D. Mott was named GM Vice President, Information Technology and Chief Information Officer in February 2012. Prior to joining GM he was Executive Vice President and Chief Information Officer of Hewlett-Packard Company since July 2005. He had previously been Senior Vice President and Chief Information Officer for Dell, Inc.,

which he joined in 2000.

Nicholas Cyprus, GM Vice President, Controller and Chief Accounting Officer, will retire from the Company effective July 15, 2013. Thomas S. Timko, age 44, has been elected GM Vice President and Chief Accounting Officer and Controller effective March 18, 2013.

Mr. Cyprus was named GM Controller and Chief Accounting Officer on December 1, 2006, and on August 4, 2009, was appointed vice president, controller and chief accounting officer. Before joining GM, Cyprus held senior executive positions at The Interpublic Group of Companies and AT&T Corp., and held management positions at Hess Corp., Suburban Propane and PricewaterhouseCoopers LLP. He is a member of the board of directors for Reader's Digest and DigitalGlobe Inc.

Since March 2010, Mr. Timko has been Vice President, Corporate Controller and Chief Accounting Officer at Applied Materials, Inc., an equipment supplier to the semiconductor, liquid crystal display, and solar photovoltaic industries. He previously served as Chief Accounting Officer and Controller at Delphi Corporation, an automotive supplier, from June 2006 to March 2010.

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Upon commencement of employment with the Company, Mr. Timko will receive a special one-time cash payment of \$400,000, subject to forfeiture upon his voluntary termination during the first twelve months of his employment with the Company. Mr. Timko will also receive a special one-time Restricted Stock Unit grant in the amount of \$1,500,000, on April 1, 2013 which will vest in two equal annual installments beginning on the first anniversary date of the grant and serve as reimbursement for forfeited equity compensation from his previous employer. Mr. Timko's annual base salary will be \$485,000, and he will participate in the compensation and benefit plans available to executive officers as described in the Company's proxy statement for its 2012 Annual Meeting of Stockholders dated April 26, 2012, and as set forth as exhibits to various periodic filings by the Company. He will receive a target short-term incentive award of 80% of salary (an amount consistent with incentive opportunities provided to executives with similar levels of responsibility) under the GM Short-Term Incentive Plan and a Restricted Stock Unit grant in the amount of \$625,000 on April 1, 2013 under the 2009 GM Long-Term Incentive Plan. This award will be converted to restricted stock units based on the average of the high and low stock price on the date of grant, and will vest and be settled in three equal annual installments beginning on the first anniversary date of the grant. The award is subject to forfeiture until vested.

Mr. Timko has no other reportable relationships with the Company or its affiliates.

Segment Reporting Data

Operating segment data and principal geographic area data for the years ended December 31, 2012, 2011 and 2010 and are summarized in Note 29 to our consolidated financial statements.

Website Access to Our Reports

Our internet website address is [www.gm.com](http://www.gm.com). In addition to the information about us and our subsidiaries contained in this 2012 Form 10-K information about us can be found on our website including information on our corporate governance principles. Our website and information included in or linked to our website are not part of this 2012 Form 10-K.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended are available free of charge through our website as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (SEC). The public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally the SEC maintains an internet site that contains reports, proxy and information statements and other information. The address of the SEC's website is [www.sec.gov](http://www.sec.gov).

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Item 1A. Risk Factors

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by the factors described below. While we describe each risk separately, some of these risks are interrelated and certain risks could trigger the applicability of other risks described below.

Our business is highly dependent on sales volume. There is no assurance that the global automobile market will not suffer another significant downturn.

Our business and financial results are highly sensitive to sales volume, as demonstrated by the effect of sharp declines in vehicle sales on our and Old GM's business during the most recent economic downturn. A number of economic and market conditions drive changes in vehicle sales, including real estate values, levels of unemployment, the availability of credit, fluctuations in the cost of fuel and consumer confidence. In particular, recent concerns over levels of sovereign indebtedness have contributed to a renewed tightening of credit markets in some of the markets in which we do business. We cannot predict future economic and market conditions with certainty and any change in economic and market conditions that negatively affects sales volumes could materially adversely affect our results of operations and financial condition.

Our ability to maintain profitability over the long-term is dependent upon our ability to introduce new and improved vehicle models that are able to attract a sufficient number of consumers.

Our ability to maintain profitability over the long-term depends on our ability to entice consumers to consider our products when purchasing a new vehicle. The automotive industry, particularly in the U.S., is very competitive with market participants routinely introducing new and improved vehicle models designed to meet consumer expectations, and in the past our competitors have been very successful in persuading customers that previously purchased our products to purchase their vehicles instead. Producing new and improved vehicle models on a basis competitive with the models introduced by our competitors and changing any negative perception, in light of Old GM's bankruptcy, will be critical to our long-term profitability. We will launch a substantial number of new vehicles in 2013, including our new 2014 Chevrolet Silverado and GMC Sierra fullsize pick-up trucks in North America. A successful launch of our new vehicles is critical to our short term profitability.

The pace of our development and introduction of new and improved vehicles depends on our ability to implement successfully improved technological innovations in design, engineering, and manufacturing, which requires extensive capital investment. In some cases the technologies that we plan to employ, such as hydrogen fuel cells and advanced battery technology, are not yet commercially practical and depend on significant future technological advances by us and by suppliers. There can be no assurance that our competitors and others pursuing similar technologies and other competing technologies will not acquire similar or superior technologies sooner than we do or on an exclusive basis or at a significant price advantage. If we are unable to achieve these goals, we may not be able to maintain profitability over the long-term.

Shortages of and volatility in the price of oil have caused and may have a material adverse effect on our business due to shifts in consumer vehicle demand.

Volatile oil prices in recent years have tended to cause a shift in consumer demand towards smaller, more fuel-efficient vehicles, which provide lower profit margins. Any increases in the price of oil in the U.S. or in our other markets or any sustained shortage of oil, including as a result of political instability in the Middle East, South America and African nations, could weaken the demand for our higher margin fullsize pick-up trucks and sport utility vehicles, which could reduce our market share in affected markets, decrease profitability, and have a material adverse effect on our business.

Our future competitiveness and ability to achieve long-term profitability depends on our ability to control our costs, which requires us to successfully implement restructuring initiatives throughout our automotive operations.

We are continuing to implement a number of cost reduction and productivity improvement initiatives in our automotive operations, including labor modifications and substantial restructuring initiatives for our European operations. Our future competitiveness depends upon our continued success in implementing these initiatives throughout our automotive operations, especially in Europe. While some of the elements of cost reduction are within our control, others such as interest rates or return on investments, which influence our expense for pensions, depend more on external factors, and there can be no assurance that such external factors will not materially adversely affect our ability to reduce our costs. Reducing costs may prove difficult due to our focus on increasing advertising and our belief that engineering expenses necessary to improve the performance, safety, and customer satisfaction of our vehicles are likely to increase.

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Our automotive manufacturing operations are dependent upon the continued ability of our suppliers to provide us with systems, components, and parts and any disruption in our suppliers' operations could disrupt our production schedule and adversely affect our operations.

Our automotive operations are dependent upon the continued ability of our suppliers to deliver the systems, components, and parts that we need to manufacture our products. Our use of “just-in-time” manufacturing processes results in our having minimal inventories of the systems, components, and parts we need to conduct our automotive manufacturing operations. As a result, our ability to maintain production is dependent upon the continued ability of our suppliers to deliver sufficient quantities of systems, components, and parts at such times as allow us to meet our production schedules. In some instances, we purchase systems, components, parts and supplies from a single source and may be at an increased risk for supply disruptions. Where we experience supply disruptions, we may not be able to develop alternate sourcing quickly. Any disruption of our production schedule caused by an unexpected shortage of systems, components or parts even for a relatively short period of time could cause us to alter production schedules or suspend production entirely and thus could adversely affect our financial results.

Increase in cost, disruption of supply, or shortage of raw materials could materially harm our business.

We use various raw materials in our business including steel, non-ferrous metals such as aluminum and copper, and precious metals such as platinum and palladium. The prices for these raw materials fluctuate depending on market conditions. In recent years, freight charges and raw material costs increased. Substantial increases in the prices for our raw materials increase our operating costs and could reduce our profitability if we cannot recoup the increased costs through increased vehicle prices. Some of these raw materials, such as corrosion-resistant steel, are only available from a limited number of suppliers. We cannot guarantee that we will be able to maintain favorable arrangements and relationships with these suppliers. An increase in the cost or a sustained interruption in the supply or shortage of some of these raw materials, which may be caused by a deterioration of our relationships with suppliers or by events such as labor strikes, could negatively affect our net revenues and profitability to a material extent.

We operate in a highly competitive industry that has excess manufacturing capacity and attempts by our competitors to sell more vehicles could have a significant negative effect on our vehicle pricing, market share, and operating results.

The global automotive industry is highly competitive, and overall manufacturing capacity in the industry exceeds demand. Many manufacturers have relatively high fixed labor costs as well as significant limitations on their ability to close facilities and reduce fixed costs. Our competitors may respond to these relatively high fixed costs by attempting to sell more vehicles by adding vehicle enhancements, providing subsidized financing or leasing programs, offering option package discounts or other marketing incentives, or reducing vehicle prices in certain markets. Manufacturers in lower cost countries such as China and India have emerged as competitors in key emerging markets and announced their intention of exporting their products to established markets as a bargain alternative to entry-level automobiles. These actions have had, and are expected to continue to have, a significant negative effect on our vehicle pricing, market share, and operating results, and present a significant risk to our ability to enhance our revenue per vehicle.

Our competitors may be able to benefit from the cost savings offered by industry consolidation or alliances. Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer preferences and regulatory requirements. Large original equipment manufacturers are able to benefit from economies of scale by leveraging their investments and activities on a global basis across brands and nameplates. If our competitors consolidate or enter into other strategic agreements such as alliances, they may be able to take better advantage of these economies of scale. We believe that competitors may be able to benefit from the cost savings offered by consolidation or alliances, which could adversely affect our competitiveness with respect to those competitors. Competitors could use consolidation or alliances as a means of enhancing their competitiveness or liquidity position, which could also materially adversely affect our business.

Our business plan contemplates that we restructure our operations in various European countries, but we may not succeed in doing so, and our failure to restructure these operations in a cost-effective and non-disruptive manner could have a material adverse effect on our business and results of operations.

In 2012 the European automotive industry continued to be severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity.

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In response, we are executing various actions to strengthen our European operations and increase our competitiveness. The key areas of the plan include:

- investments in our product portfolio;
- a revised brand strategy;
- significant management changes;
- reducing material, development and production costs; and
- further leveraging synergies from the alliance between us and Peugeot S.A. (PSA).

Notwithstanding the above we believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. In addition, the success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external factors, which are outside of our control. Our inability to successfully restructure our European operations and implement our plan could have a material adverse effect on our results of operations and financial condition.

Our defined benefit pension plans are currently underfunded, and our pension funding requirements could increase significantly due to a reduction in funded status as a result of a variety of factors, including weak performance of financial markets, declining interest rates, and investments that do not achieve adequate returns.

Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies is disclosed in Note 18 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments.

There are additional risks due to the complexity and magnitude of our investments. Examples include implementation of significant changes in investment policy, insufficient market capacity to absorb a particular investment strategy or high volume transactions, and the inability to quickly rebalance illiquid and long-term investments.

Our future funding requirement for our U.S. defined benefit pension plans qualified with the Internal Revenue Service depend upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in government laws and regulations. Future funding requirements generally increase if the discount rate decreases or if actual asset returns are lower than expected asset returns, as other factors are held constant. Our potential funding requirements are described in "Management's Discussion and Analysis of Financial Conditions and Results of Operations -- Contractual Obligations and Other Long-Term Liabilities."

Factors which affect future funding requirement for our U.S. defined benefit plans generally affect the required funding for non-U.S. plans. Certain plans outside the U.S. do not have assets and therefore the obligation is funded as benefits are paid. If local legal authorities increase the minimum funding requirements for our pension plans outside the U.S., we could be required to contribute more funds, which would negatively affect our cash flow.

We intend to rely on GM Financial to support additional consumer leasing of our vehicles and additional sales of our vehicles to consumers requiring sub-prime vehicle financing, and GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations and its ability to provide leasing and sub-prime financing options to consumers to support additional sales of our vehicles.

GM Financial is subject to various risks that could negatively affect its business, operations and access to capital and therefore its ability to provide leasing and sub-prime financing options at competitive rates to consumers of our vehicles. Because we intend to rely on GM Financial to serve as an additional source of leasing and sub-prime financing options for consumers, any impairment of GM Financial's ability to provide such leasing or sub-prime financing would negatively affect our efforts to expand our market penetration among consumers who rely on leasing and sub-prime financing options to acquire new vehicles. The factors that could adversely affect GM Financial's business and operations and impair its ability to provide leasing and sub-prime financing at competitive rates include:

- The ability to close the acquisition of certain Ally Financial international operations and integrate those operations into its business successfully;
- The availability of borrowings under its credit facilities to finance its loan and lease origination activities pending securitization;
- Its ability to transfer loan receivables to securitization trusts and sell securities in the asset-backed securities market to

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generate cash proceeds to repay its credit facilities and purchase additional loan receivables;

• The performance of loans in its portfolio, which could be materially affected by delinquencies, defaults or prepayments;

• Its ability to effectively manage risks relating to sub-prime automobile receivables;

• Wholesale auction values of used vehicles;

• Higher than expected vehicle return rates on vehicles GM Financial leases;  
and

• Fluctuations in interest rates.

The above factors, alone or in combination, could negatively affect GM Financial's business and operations or its ability to provide leasing and sub-prime financing options to consumers to support additional sales of our vehicles. Our planned investment in new technology in the future is significant and may not be funded at anticipated levels and, even if funded at anticipated levels, may not result in successful vehicle applications.

We intend to invest significant capital resources to support our products and to develop new technology. In addition, we plan to invest heavily in alternative fuel and advanced propulsion technologies between 2013 and 2014, largely to support our planned expansion of hybrid and electric vehicles. Moreover, if our future operations do not provide us with the cash flow we anticipate, we may be forced to reduce, delay, or cancel our planned investments in new technology.

In some cases the technologies that we plan to employ, such as hydrogen fuel cells and advanced battery technology, are not yet commercially practical and depend on significant future technological advances by us and by suppliers. For example, we produce electric vehicles which require battery technology that has not yet proven to be commercially viable. There can be no assurance that these advances will occur in a timely or feasible way, that the funds that we have budgeted for these purposes will be adequate, or that we will be able to establish our right to these technologies. However, our competitors and others are pursuing similar technologies and other competing technologies and there can be no assurance that they will not acquire similar or superior technologies sooner than we do or on an exclusive basis or at a significant price advantage.

Security breaches and other disruptions to our information technology networks and systems could interfere with our operations, and could compromise the confidentiality of our proprietary information.

We rely upon information technology networks and systems, some of which are managed by third-parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain management, manufacturing, invoicing, and collection of payments from our dealer network and from customers of GM Financial. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information, the propriety business information of our dealers and suppliers, as well as personally identifiable information of our customers and employees, in data centers and on information technology networks.

The secure operation of these information technology networks, and the processing and maintenance of this information is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology networks and systems may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to errors or malfeasance by employees, contractors and others who have access to our networks and systems, or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations and reduce the competitive advantage we hope to derive from our investment in advanced technologies.

New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements and reduced, greenhouse gas emissions, or changes in existing ones, may have a significant effect on how we do business. We are affected significantly by governmental regulations that can increase costs related to the production of our vehicles and affect our product portfolio. We anticipate that the number and extent of these regulations, and the related costs and changes to our product lineup, will increase significantly in the future. In the U.S. and Europe, for example, governmental regulation is driven primarily by concerns about the environment (including greenhouse gas emissions), vehicle safety, fuel economy, and energy security. These government regulatory requirements could significantly affect our plans for global product development and may result in substantial costs, including civil penalties. They may also result in limits on the types of vehicles we sell and where we sell them, which can affect revenue.

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In the U.S., vehicle fuel economy and greenhouse gas emissions are regulated under a harmonized national program administered by the NHTSA and the EPA. The agencies have set coordinated fuel economy and greenhouse emission standards through the 2025 model year for light duty vehicles and through the 2018 model year for heavy duty trucks. California, which has set its own greenhouse gas emission standards through its AB 1493 Rules, has agreed to accept compliance with the national program as compliance with its state program.

We are committed to meeting or exceeding these U.S. regulatory requirements, and our product plan of record projects compliance with the anticipated national program through the 2021 model year. The standards for the 2022 through 2025 model years may be adjusted as a result of a mid-term review by the agencies. Therefore, we believe it is premature to project compliance with possible standards for those years. We expect that to comply with these standards we will be required to sell a significant volume of hybrid electric vehicles, as well as implement new technologies for conventional internal combustion engines, all at increased cost levels. There is no assurance that we will be able to produce and sell vehicles that use such technologies on a profitable basis, or that our customers will purchase such vehicles in the quantities necessary for us to comply with these regulatory programs.

The EU passed legislation, effective in April 2009 to begin regulating vehicle CO<sub>2</sub> emissions beginning in 2012. The legislation sets a target of a fleet average of 95 grams per kilometer for 2020, with the requirements for each manufacturer based on the weight of the vehicles it sells. Additional measures have been proposed or adopted in Europe to regulate features such as tire rolling resistance, vehicle air conditioners, tire pressure monitors, gear shift indicators, and others. At the national level, 17 EU Member States have adopted some form of fuel consumption or carbon dioxide-based vehicle taxation system, which could result in specific market requirements for us to introduce technology earlier than is required for compliance with the EU emissions standards.

Other governments around the world, such as Canada, China, Brazil, Mexico, and South Korea are also creating new policies to address these same issues. As in the U.S., these government policies could significantly affect our plans for product development. Due to these regulations, we could be subject to sizable civil penalties or have to restrict product offerings drastically to remain in compliance. The regulations will result in substantial costs, which could be difficult to pass through to our customers, and could result in limits on the types of vehicles we sell and where we sell them, which could affect our operations, including facility closings, reduced employment, increased costs, and loss of revenue.

A significant amount of our operations are conducted by joint ventures that we cannot operate solely for our benefit. Many of our operations, particularly in emerging markets, are carried out by joint ventures such as SGM. In joint ventures, we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities, or resources as we do and may compete with us outside the joint venture. Joint ventures are intended to be operated for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co-owners as well as with the joint venture, and if a co-owner changes or relationships deteriorate, our success in the joint venture be materially adversely affected. The benefits from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our successful joint ventures. Our business in China is subject to aggressive competition and is sensitive to economic and market conditions. Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The automotive market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market continues to increase, we anticipate that additional competitors, both international and domestic, will seek to enter the Chinese market and that existing market participants will act aggressively to increase their market share. Increased competition may result in price reductions, reduced margins and our inability to gain or hold market share. In addition, our business in China is sensitive to economic and market conditions that drive sales volume in China. If we are unable to maintain our position in the Chinese market or if vehicle sales in China decrease or do not continue to increase, our business and financial results

could be materially adversely affected.

We could be materially adversely affected by changes or imbalances in foreign currency exchange and other rates. Given the nature of the automotive industry and global spread of our business, we have significant exposures to risks related to changes in foreign currency exchange rates, commodity prices, and interest rates, which can have material adverse effects on our business. For example, the recent strength of the Canadian Dollar (CAD) versus the U.S. Dollar has had a negative impact on our profitability as parts and vehicles we manufactured in Canada and exported to the U.S. for sale are less competitive. Similarly, a significant strengthening of the Korean Won relative to the U.S. Dollar or the Euro would affect the competitiveness of our Korean

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operations as well as that of certain Korean competitors. As yet another example, a relative weakness of the British Pound compared to the Euro would have an adverse effect on our results of operations in Europe. In preparing the consolidated financial statements, we translate our revenues and expenses outside the U.S. into U.S. Dollars using the average foreign currency exchange rate for the period and the assets and liabilities using the foreign currency exchange rate at the balance sheet date. As a result, foreign currency fluctuations and the associated translations could have a material adverse effect on our results of operations.

Our businesses outside the U.S. expose us to additional risks that may materially adversely affect our business. The majority of our vehicle sales are generated outside the U.S. We are pursuing growth opportunities for our business in a variety of business environments outside the U.S. Operating in a large number of different regions and countries exposes us to political, economic, and other risks as well as multiple foreign regulatory requirements that are subject to change, including:

- Economic downturns in foreign countries or geographic regions where we have significant operations, such as China;
- Economic tensions between governments and changes in international trade and investment policies, including imposing restrictions on the repatriation of dividends, especially between the U.S. and China;
- Foreign regulations restricting our ability to sell our products in those countries;
- Differing local product preferences and product requirements, including fuel economy, vehicle emissions, and safety;
- Differing labor regulations and union relationships;
- Consequences from changes in tax laws;
- Difficulties in obtaining financing in foreign countries for local operations; and
- Political and economic instability, natural calamities, war, and terrorism.

The effects of these risks may, individually or in the aggregate, materially adversely affect our business.

New laws, regulations, or policies of governmental organizations regarding safety standards, or changes in existing ones, may have a significant negative effect on how we do business.

Our products must satisfy legal safety requirements. Meeting or exceeding government-mandated safety standards is difficult and costly because crashworthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards. While we are managing our product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards or vehicle rating programs can result in additional costs for product development, testing, and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product.

The costs and effect on our reputation of product recalls could materially adversely affect our business.

From time to time, we recall our products to address performance, compliance or safety-related issues. The costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. In addition product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the safety or reliability of our products. Any costs incurred or lost sales caused by future product recalls could materially adversely affect our business. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers for the same reasons as expressed above.

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The sale or availability for sale of substantial amounts of our common stock could cause our common stock price to decline or impair our ability to raise capital.

Sales of a substantial number of shares of our common stock in the public market, or the perception that large sales could occur, or the conversion of shares of our Series B Preferred Stock or the perception that conversion could occur, could depress the market price of our common stock. Of the 1.4 billion shares of our common stock issued and outstanding at December 31, 2012 approximately 48% were held by the United States Department of the Treasury (UST), Canada GEN Investment Corporation, a corporation organized under the laws of Canada, the UAW Retiree Medical Benefits Trust (New VEBA), and our U.S. hourly and salaried pension plans. In December 2012, the UST announced its intention to dispose of its remaining shares of our common stock over the following 12 to 15 months, subject to market conditions. Sales or distributions of our common stock by these holders could cause the market price of our common stock to decline.

In addition, at December 31, 2012 there were warrants outstanding to acquire approximately 313 million shares of our common stock at exercise prices ranging from \$10.00 per share to \$42.31 per share and up to 152 million shares of common stock, subject to anti-dilution, make-whole and other adjustments, will be issuable upon conversion of the shares of Series B Preferred Stock outstanding. Exercises or distributions of warrants or the conversion of the shares of Series B Preferred Stock could cause the market price of our common stock to decline.

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Item 1B. Unresolved Staff Comments

None

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Item 2. Properties

At December 31, 2012 we had 99 locations in 26 states and 82 cities or towns in the U.S. excluding our automotive financing operations and dealerships. Of these locations, 39 are manufacturing facilities, of which 12 are engaged in the final assembly of our vehicles, other manufactured automotive components and power products. Of the remaining locations, 24 are service parts operations primarily responsible for distribution and warehouse functions, and the remainder are offices or facilities primarily involved in engineering and testing vehicles. Leased properties are primarily composed of warehouses and administration, engineering and sales offices. The leases for warehouses generally provide for an initial period of two to 10 years based upon prevailing market conditions and may contain renewal options. Leases for administrative offices are generally for shorter periods.

We have 16 locations in Canada and we have assembly, manufacturing, distribution, office or warehousing operations in 61 other countries, including equity interests in associated companies which perform assembly, manufacturing or distribution operations. Leases for warehouses outside the U.S. have remaining lease terms ranging from one to 25 years, many of which contain options to extend or terminate the lease. The major facilities outside the U.S. and Canada, which are principally vehicle manufacturing and assembly operations, are located in:

- Argentina
- Australia
- Brazil
- Chile
- China
- Colombia
- Ecuador
- Egypt
- Germany
- India
- Kenya
- Mexico
- Poland
- Russia
- South Africa
- South Korea
- Spain
- Thailand
- United Kingdom
- Uzbekistan
- Venezuela
- Vietnam

We, our subsidiaries, or associated companies in which we own an equity interest, own most of the above facilities.

GM Financial's automotive financing and leasing operations lease facilities for administration and regional credit centers. GM Financial has 18 facilities located in the U.S. and three facilities located in Canada. GM Financial also owns a servicing facility which is located in the U.S. and included in total facilities located in the U.S.

Our properties include facilities which, in our opinion, are suitable and adequate for the manufacture, assembly and distribution

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

of our products.

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Item 3. Legal Proceedings

The following section summarizes material pending legal proceedings to which the Company is a party, other than ordinary routine litigation incidental to the business. We and the other defendants affiliated with us intend to defend all of the following actions vigorously.

Canadian Dealer Class Action

General Motors of Canada Limited (GMCL) is defending a class action asserted on behalf of over 200 former GMCL dealers (the Plaintiff Dealers) which entered into wind-down agreements with GMCL in May 2009 asserting various claims related to those agreements. On March 1, 2011 the Ontario Superior Court of Justice approved certification of a class for the purpose of deciding a number of specifically defined issues, including: (1) whether GMCL breached its obligation of “good faith” in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). On March 26, 2012 the Ontario Superior Court of Justice dismissed GMCL's appeal of the class certification order. Accordingly the case will proceed as a class action. The parties are currently conducting discovery.

UAW VEBA Contribution Claim

On April 6, 2010, the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached our obligation to contribute \$450 million to the New VEBA. The UAW alleges that we were required to make this contribution pursuant to the UAW-Delphi-GM Memorandum of Understanding Delphi Restructuring dated June 22, 2007. We believe this claim is without merit. Discovery in the matter is complete and the parties have each filed a motion requesting summary judgment.

Korean Labor Litigation

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea filed seven separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in the aggregate involve more than 10,000 employees, allege that GM Korea failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. On November 23, 2012 the Seoul High Court (an intermediate level appellate court) issued a decision affirming a decision of the Incheon District Court in a case involving five GM Korea employees which was contrary to GM Korea's position. Although GM Korea believes the decision of the Seoul High Court is incorrect and intends to appeal to the Supreme Court of the Republic of Korea we have an accrual of 746 billion Korean Won (equivalent to \$697 million) at December 31, 2012 in connection with these cases. We do not believe we have any reasonably possible exposure in excess of the amount of the accrual.

Inventory Management Securities Class Action

On June 29, 2012 a putative securities class action was filed against us and a number of our past and current officers and directors in the United States District Court for the Southern District of New York (George G. Scott v. General

Motors Company et al). Purporting to sue on behalf of owners of common stock deriving from our 2010 initial public offering, plaintiff asserts non-fraud prospectus based liability claims under various Federal securities statutes alleging that the Company has made false statements about its vehicle inventory controls and production decisions, particularly with respect to fullsize trucks. The plaintiff's complaint requests compensatory damages, rescission and litigation costs, fees and disbursements. On November 21, 2012, the Court appointed the Teamster's Local 710 Pension Fund as lead plaintiff in the matter. On February 1, 2013, the plaintiff filed an amended complaint.

Saab Automobile AB Related Litigation

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On August 6, 2012, Saab Automobile AB and Spyker N.V. filed a complaint in the United States District Court for the Eastern District of Michigan alleging that GM tortiously interfered with their efforts to secure an investment in Saab Automobile AB from Zheijian Youngman Lotus Automobile Co., Ltd and its affiliates by making public statements in December of 2011 to the effect that we did not favor the proposed transaction. The complaint alleges that absent the challenged statements, Saab Automobile AB would have successfully avoided liquidation and seeks damages of not less than \$3.0 billion representing the projected value of Saab Automobile AB through 2016 plus pre- and post-judgment interest, special, punitive and other allowable damages and plaintiffs' reasonable attorneys' fees and costs.

\* \* \* \* \*

Item 4. Mine Safety Disclosures

Not applicable

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

## Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange.

Quarterly price ranges based on high and low prices from intraday trades of our common stock on the New York Stock Exchange, the principal market in which the stock is traded, are as follows:

Quarter	Years Ended December 31,			
	2012		2011	
	High	Low	High	Low
First	\$27.68	\$20.75	\$39.48	\$30.20
Second	\$27.03	\$19.24	\$33.47	\$28.17
Third	\$25.15	\$18.72	\$32.08	\$19.77
Fourth	\$28.90	\$22.67	\$26.55	\$19.00

## Holders

At February 8, 2013 we had a total of 1.4 billion issued and outstanding shares of common stock held by 319 holders of record.

## Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facilities and other factors.

## Equity Compensation Plan Information

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The table below contains information about securities authorized for issuance under equity compensation plans. The features of these plans are discussed further in Note 26 to our consolidated financial statements (number of securities in millions).

Plan Category	Number of Securities To be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(a)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans(b)
Equity compensation plans approved by security holders General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan(c)	27	\$ —	47

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

The awards under the 2009 Long-Term Incentive Plan as amended November 21, 2012 and Salary Stock Plan as (a) amended November 21, 2012 are restricted stock units (RSUs). The RSUs do not have an exercise price and in limited situations certain executives could settle their awards in cash due to tax considerations of certain countries.

(b) Excludes securities reflected in the first column, "Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights."

(c) At December 31, 2012 all of our equity compensation plans were approved by security holders.

## Issuer Purchases of Equity Securities

The following tables summarize our purchases of equity securities in each of the twelve months ended December 31, 2012:

## Purchases of Equity Securities for Cash

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased Under the Program	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program
January 1, 2012 through November 30, 2012	—			
December 1, 2012 through December 31, 2012 <sup>(a)</sup>	200,000,000	\$27.50	N/A	N/A
Total	200,000,000	\$27.50		

## Other Purchases of Equity Securities

	Total Number of Shares Purchased <sup>(b)</sup>	Average Price Paid per Share	Total Number of Shares Purchased Under the Program	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program
January 1, 2012 through January 31, 2012	64,075	\$20.26	N/A	N/A
February 1, 2012 through February 28, 2012	380,954	\$25.39	N/A	N/A
March 1, 2012 through March 31, 2012	5,165	\$25.99	N/A	N/A
April 1, 2012 through April 30, 2012	2,330	\$25.29	N/A	N/A
May 1, 2012 through May 31, 2012	1,195	\$22.75	N/A	N/A
June 1, 2012 through June 30, 2012	27,225	\$22.31	N/A	N/A
July 1, 2012 through July 31, 2012	11,290	\$20.66	N/A	N/A
August 1, 2012 through August 31, 2012	2,605	\$20.04	N/A	N/A
September 1, 2012 through September 30, 2012	6,430	\$21.57	N/A	N/A
October 1, 2012 through October 31, 2012	23,051	\$24.13	N/A	N/A
November 1, 2012 through November 30, 2012	2,363	\$24.91	N/A	N/A
December 1, 2012 through December 31, 2012	190,369	\$24.78	N/A	N/A
Total	717,052	\$24.48		

N/A = not applicable

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Represents a purchase of shares of common stock from the UST at a total cost of \$5.5 billion, of which \$0.4 billion (a) was recorded as a charge to Other automotive expenses, net. The shares purchased were retired. Refer to Note 24 to our consolidated financial statements for additional details on the purchase of stock from UST.

Represents shares of common stock delivered by employees or directors back to us for the payment of taxes resulting from issuance of common stock upon the vesting of RSUs and Restricted Stock Awards relating to (b) compensation plans and shares of common stock retained by us for the payment of exercise price upon the exercise of warrants. Refer to Note 26 to our consolidated financial statements for additional details on employee stock incentive plans and Note 24 to our consolidated financial statements for additional details on warrants issued.

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## Item 6. Selected Financial Data

Pursuant to the agreement with the SEC, as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements, the selected financial data below includes the selected financial data of Old GM as it is the Predecessor entity solely for accounting and financial reporting purposes. At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Selected financial data is summarized in the following table (dollars in millions except per share amounts):

	Successor Years Ended December 31,			July 10, 2009 Through December 31, 2009	Predecessor January 1, 2009 Through July 9, 2009	
	2012	2011	2010		Year Ended December 31, 2008	
<b>Income Statement Data:</b>						
Total net sales and revenue(a)	\$ 152,256	\$ 150,276	\$ 135,592	\$ 57,474	\$ 47,115	\$ 148,979
Reorganization gains, net(b)	\$—	\$—	\$—	\$—	\$ 128,155	\$—
Income (loss) from continuing operations	\$ 6,136	\$ 9,287	\$ 6,503	\$ (3,786 )	\$ 109,003	\$ (31,051 )
Net (income) loss attributable to noncontrolling interests	52	(97 )	(331 )	(511 )	115	108
Net income (loss) attributable to stockholders(c)	\$ 6,188	\$ 9,190	\$ 6,172	\$ (4,297 )	\$ 109,118	\$ (30,943 )
Net income (loss) attributable to common stockholders	\$ 4,859	\$ 7,585	\$ 4,668	\$ (4,428 )	\$ 109,118	\$ (30,943 )
GM \$0.01 par value common stock and Old GM \$1-2/3 par value common stock						
<b>Basic earnings (loss) per share:(d)</b>						
Net income (loss) attributable to common stockholders	\$ 3.10	\$ 4.94	\$ 3.11	\$ (3.58 )	\$ 178.63	\$ (53.47 )
<b>Diluted earnings (loss) per share:(d)</b>						
Net income (loss) attributable to common stockholders	\$ 2.92	\$ 4.58	\$ 2.89	\$ (3.58 )	\$ 178.55	\$ (53.47 )
Cash dividends per common share	\$—	\$—	\$—	\$—	\$—	\$ 0.50
<b>Balance Sheet Data (as of period end):</b>						
Total assets(a)	\$ 149,422	\$ 144,603	\$ 138,898	\$ 136,295		\$ 91,039
Automotive notes and loans payable(e)(f)	\$ 5,172	\$ 5,295	\$ 4,630	\$ 15,783		\$ 45,938
GM Financial notes and loans payable(a)	\$ 10,878	\$ 8,538	\$ 7,032			
Series A Preferred Stock(g)	\$ 5,536	\$ 5,536	\$ 5,536	\$ 6,998		\$—

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Series B Preferred Stock(h)	\$4,855	\$4,855	\$4,855	\$ —	\$ —
Equity (deficit)(i)(j)	\$37,000	\$38,991	\$37,159	\$ 21,957	\$ (85,076 )

(a) GM Financial was consolidated effective October 1, 2010.

In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of \$128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under

(b) Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, the 363 Sale of Old GM and certain of its direct and indirect subsidiaries and the application of fresh-start reporting.

In the year ended December 31, 2012 we recorded Goodwill impairment charges of \$27.1 billion, the reversal of (c) deferred tax valuation allowances of \$36.3 billion in the U.S. and Canada, pension settlement charges of \$2.7 billion and GME long-lived asset impairment charges of \$5.5 billion.

In the years ended December 31, 2012 and 2011 we used the two-class method for calculating earnings per share as (d) the Series B Preferred Stock is a participating security due to the applicable market value of our common stock being below \$33.00 per common share. Refer to Note 25 to our consolidated financial statements for additional detail.

(e) In December 2008 Old GM entered into the UST loan agreement, as amended (UST Loan Agreement), pursuant to which the UST agreed to provide a \$13.4 billion borrowing facility.

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- (f) In December 2010 GM Korea terminated its \$1.2 billion credit facility following the repayment of the remaining \$1.0 billion under the facility.
- (g) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for \$2.1 billion.
- (h) Series B Preferred Stock was issued in a public offering in November and December 2010.
- (i) Series A Preferred Stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.
- (j) In December 2012 we purchased 200 million shares of our common stock for a total of \$5.5 billion, which directly reduced shareholder's equity by \$5.1 billion and we recorded a charge to earnings of \$0.4 billion.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Presentation and Estimates

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GMNA, GME, GMIO, GMSA and GM Financial.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Prior Period Financial Statements Conformed to Current Period Presentation

In 2012 we changed the presentation of our consolidated balance sheet, consolidated statements of cash flows and certain notes to the consolidated financial statements to classify the assets and liabilities of GM Financial as current or non-current and to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Overview

Our Company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under Chapter 11 of the U.S. Bankruptcy

Code. By commencing operations following the 363 Sale, we were able to take advantage of a competitive labor agreement with our unions, a restructured dealer network and a reduced and refocused brand strategy in the U.S. focused on four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange. In April 2011 in connection with MLC's distribution of warrants for our common stock to its unsecured creditors, we listed the warrants expiring July 10, 2016 and the warrants expiring July 10, 2019 on the New York Stock Exchange.

#### Automotive

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles. Our business is diversified across products and geographic markets. We meet the local sales and service needs of our retail and fleet customers with a global network of independent dealers. Of our total 2012



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vehicle sales volume, 72.1% was generated outside the U.S.

Our automotive business is organized into four geographically-based segments:

GMNA has sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean. GMNA represented 32.5% of our vehicle sales volume in 2012 and we had the largest market share in this market at 16.9%.

GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 17.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number four market share in this market at 8.5%. GMIO distributes Chevrolet brand vehicles which, when sold in Europe, are included in GME vehicle sales volume and market share data.

GMIO has sales, manufacturing and distribution operations in Asia-Pacific, Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others), Africa and the Middle East. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East is our largest segment by vehicle sales volume. GMIO represented 38.9% of our global vehicle sales volume including sales through our joint ventures in 2012. In 2012 we had approximately 14.6% market share in China as compared to 13.6% in 2011. In 2012 GMIO derived 78.4% of its vehicle sales volume from China. GMIO records the financial results of Chevrolet brand vehicles that it distributes and sells in Europe.

GMSA has sales, manufacturing, distribution and financing operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay. GMSA represented 11.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number two market share for this market at 18.0% and the number three market share in Brazil. In 2012 GMSA derived 61.4% of its vehicle sales volume from Brazil.

Automotive Financing - GM Financial

GM Financial specializes in purchasing retail automobile installment sales contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers lease products through GM dealerships in connection with the sale of used and new automobiles that target customers with sub-prime and prime credit bureau scores. GM Financial primarily generates revenue and cash flows through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis. We believe the availability of financing for our dealers is important to our business. GM Financial plans to launch similar commercial lending in Canada during the first half of 2013.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio;
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model; and

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Ensure that our dealers and customers have consistently available, transparent and competitive financing options through GM Financial and other providers.

Automotive Financing Strategy

Our automotive financing strategy centers around ensuring that our dealers and customers have consistently available, transparent and competitive financing options throughout the business and credit cycles. We achieve this through our captive finance capabilities at GM Financial and through operating relationships with financial institutions, including Ally Financial.

In October 2010 we acquired GM Financial to further bolster our offerings in the leasing and sub-prime financing segments in the U.S. and Canada. We believe that by having our own capabilities in key financing segments of the market we will be able to achieve more competition from other financing market participants, which we believe improves pricing and service to our dealers and retail customers.

In November 2012 GM Financial entered into an agreement with Ally Financial to acquire Ally Financial's automotive finance and financial services operations in Europe and Latin America. Additionally in November 2012 GM Financial entered into a share transfer agreement with Ally Financial to acquire Ally Financial's equity interest in GMAC-SAIC that conducts automotive finance and financial services operations in China. The purchases will allow GM Financial to support our dealers in markets comprising 80% of our global sales. The combined consideration will be approximately \$4.2 billion, subject to certain possible closing adjustments. Pursuant to the transactions, GM Financial's assets are expected to double to approximately \$33.0 billion and its liabilities, including consolidated debt, will increase to approximately \$27.0 billion compared with \$11.8 billion at December 31, 2012. The closings of the transactions are expected to occur in stages throughout 2013.

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis. We believe the availability of financing for our dealers is important to our business. GM Financial plans to launch similar commercial lending in Canada during the first half of 2013.

In April 2011 GM Financial began originating leases for our customers in Canada. Given the importance of leasing and the previous lack of availability of third-party leasing offerings to our customers in the Canadian market (due to regulatory restrictions preventing banks and bank holding companies from offering leasing in Canada), we believe having a captive financing offering in Canada is strategically important to our business. In August 2012 GM Financial began offering consumer sub-prime financing in Canada.

In December 2010 GM Financial began offering a lease product in certain geographic areas through our franchised dealerships that targets consumers with prime credit bureau scores leasing new GM vehicles. During 2011 GM Financial completed the nationwide rollout of the lease product in the U.S. including separate product offerings for prime and sub-prime customers. GM Financial continues to expand its business in targeted areas that it views as strategic and to otherwise evaluate opportunities in specific segments of the automotive financing market.

In addition to the financing we provide through GM Financial, we also ensure availability of competitive financing for our customers and dealers through operating relationships with financial institutions. Historically, Ally Financial provided a majority of the financing for our dealers and a significant portion of the financing for our customers in the U.S., Canada and other major international markets where we operate. Ally Financial continues to be the largest

third-party provider of the financing for our dealers and customers. We have added relationships with other financial institutions to increase our competitiveness and benefit from additional financing sources, including arrangements to provide incentivized retail financing to our customers in the U.S., Canada, U.K. and Australia.

#### Focus on Chinese Market

We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy led by our Buick and Chevrolet brands. In the coming years we plan to increasingly leverage our global architectures to increase the number of nameplates under the Buick, Chevrolet and Cadillac brands in China and continue to grow our business under the Baojun, Jiefang and Wuling brands. We operate in Chinese markets through a number of joint ventures and maintaining good relations with our joint ventures partners, which are affiliated with the Chinese government, is an important part of our China growth strategy.

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Refer to Note 10 to our consolidated financial statements for our direct ownership interests in our Chinese joint ventures, collectively referred to as China JVs.

The following tables summarize certain key operational and financial data for the China JVs (dollars in millions, vehicles in thousands):

	Year Ended December 31,			
	2012	2011	2010	
Total wholesale vehicles(a)	2,909	2,573	2,348	
Market share(b)	14.6	% 13.6	% 12.8	%
Total net sales and revenue	\$33,364	\$30,511	\$25,395	
Net income	\$3,198	\$3,203	\$2,808	

(a) Including vehicles exported to markets outside of China.

(b) Market share for China market.

	December 31, 2012	December 31, 2011
Cash and cash equivalents	\$5,522	\$4,679
Debt	\$123	\$106

## GME

During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. European automotive industry sales to retail and fleet customers were 19.0 million vehicles in 2012, representing a 5.6% decrease compared to 2011. In 2012 GME's market share declined to 8.5% from 8.7% in 2011 and the region suffered EBIT (loss)-adjusted of \$1.8 billion in 2012 compared to EBIT (loss)-adjusted of \$0.7 billion in 2011. During this timeframe, we began to experience deterioration in cash flows.

In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA, as subsequently discussed. The success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external factors which are outside of our control. We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan, which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets and adjusted the carrying amounts and recorded impairment charges of \$5.5 billion. As we have reduced the carrying amount of these assets by \$5.5 billion,

depreciation and amortization expense will be reduced in future periods, including approximately \$0.6 billion in the year ending December 31, 2013, which may result in an increase in our reported EBIT-adjusted in GME in subsequent periods. Refer to Notes 11 and 13 to our consolidated financial statements for additional information on our real and personal property and intangible asset impairment charges.

#### Alliance with PSA

In February 2012 we entered into an agreement with PSA to create a long-term and broad-scale global strategic alliance that is expected to leverage the combined strengths and capabilities of the two companies, contribute to our profitability and improve our competitiveness in Europe. In March 2012 we acquired a seven percent equity stake in PSA for \$0.4 billion; against which we recorded impairment charges of \$0.2 billion in the three months ended December 31, 2012. In June 2012 we entered into a long-

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term exclusive service agreement with Gefco, a wholly-owned subsidiary of PSA, to provide logistics services in Europe beginning in 2013. In December 2012 PSA sold its controlling interest in Gefco to an unrelated third-party, however the sale has no impact to the long-term exclusive service agreement. In December 2012 we entered into a product development agreement to jointly develop and share certain vehicle platforms, components and modules; and we also signed a definitive agreement to create a joint purchasing organization in Europe supported by a purchasing joint venture for the sourcing of commodities, components and other goods and services based on the combined purchasing reach of both companies to realize purchasing synergies.

Purchase of Common Stock

In December 2012 we purchased 200 million shares of our common stock from the UST for total consideration of \$5.5 billion. We recorded a charge of \$0.4 billion in Other automotive expenses, net, which represents a premium to the prior day's closing price. The UST agreed to irrevocably waive certain of its rights under the stockholders agreement by and among us and certain other stockholders and covenants under the UST Credit Agreement as part of the transaction to purchase our common stock. These rights and covenants included, among other items, a reduction in certain reporting requirements and a release from the vitality commitment which contained certain manufacturing volume requirements. Additionally, the UST publicly announced its intention to sell the remainder of its holdings of our common stock within 12 to 15 months after the execution of this transaction subject to market conditions.

UST Invested Capital

UST invested capital totaled \$49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the debtor-in-possession credit agreement, excluding \$0.4 billion which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial preferred membership interests previously held by Old GM in May 2009. At December 31, 2012 the UST had received cumulative proceeds of \$28.6 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals \$20.9 billion at December 31, 2012.

Restructuring Activities, Special Attrition Programs, Labor Agreements and Benefit Plan Changes

We have previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities.

Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of \$0.4 billion and had affected a total of 2,550 employees, of which \$0.3 billion related to a program initiated in Germany in 2010. This program was essentially completed in 2012. We expect to complete the active programs in 2013 and incur an additional \$0.2 billion, which will affect an additional 700 employees.

In the year ended December 31, 2012 GMIO and GMSA each recorded charges of \$0.1 billion related to additional separation programs implemented in Korea, Australia and Brazil.

2012 CAW Labor Agreement

In September 2012 we entered into a collective bargaining labor agreement with the Canadian Auto Workers Union (CAW), which was ratified in September 2012. The agreement covers the wages, hours, benefits and other terms and conditions of employment of the CAW represented employees. The key terms and provisions of the agreement are:

Lump-sum payments of CAD \$3,000 to certain CAW employees were made in October 2012 and additional lump-sum payments of CAD \$2,000 will be paid annually in December of 2013, 2014, and 2015. The lump-sum payments will be amortized over the four year agreement.

Hourly employees who retire on or after January 1, 2013 will be offered a new lump-sum distribution option at retirement in the defined benefit pension plan and new hires will be covered by a hybrid defined benefit/defined contribution pension plan. The lump-sum payment option had an insignificant effect on the defined benefit pension plan and has been recognized in the year-end plan remeasurement for 2012.

Due to the expected closure of the Oshawa Consolidated Plant in June 2014, impacted employees will be eligible for a



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