General Motors Co
Form 10-Q
April 23, 2015

Table of Contents

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

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

For the quarterly period ended March 31, 2015

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 Incorporation or Organization) | (I.R.S. Employer Identification No.) |
| 300 Renaissance Center, Detroit, Michigan | 48265-3000 |
| (Address of Principal Executive Offices) | (Zip Code) |

(313) 556-5000
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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 þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 þ No ¨
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 "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ 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 þ
As of April 16, 2015 the number of shares outstanding of common stock was 1,607,207,691 shares.

Website Access to Company's Reports

General Motors Company's internet website address is www.gm.com. Our annual report 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 Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission.

INDEX


| | | Page |
|---|---|---|
| PART I | | |
| Item 1. | Condensed Consolidated Financial Statements | 1 |
| | Condensed Consolidated Income Statements (Unaudited) | 1 |
| | Condensed Consolidated Statements of Comprehensive Income (Unaudited) | 2 |
| | Condensed Consolidated Balance Sheets (Unaudited) | 3 |
| | Condensed Consolidated Statements of Equity (Unaudited) | 4 |
| | Condensed Consolidated Statements of Cash Flows (Unaudited) | 5 |
| | Notes to Condensed Consolidated Financial Statements | 6 |
| | Note 1. Nature of Operations and Basis of Presentation | 6 |
| | Note 2. Marketable Securities | 6 |
| | Note 3. GM Financial Receivables, net | 7 |
| | Note 4. Inventories | 9 |
| | Note 5. Equity in Net Assets of Nonconsolidated Affiliates | 9 |
| | Note 6. Variable Interest Entities | 10 |
| | Note 7. Short-Term and Long-Term Debt | 11 |
| | Note 8. Product Warranty and Related Liabilities | 12 |
| | Note 9. Pensions and Other Postretirement Benefits | 12 |
| | Note 10. Commitments and Contingencies | 13 |
| | Note 11. Income Taxes | 18 |
| | Note 12. Restructuring and Other Initiatives | 18 |
| | Note 13. Stockholders' Equity | 19 |
| | Note 14. Earnings Per Share | 20 |
| | Note 15. Segment Reporting | 21 |
| Item 2. | Management’s Discussion and Analysis of Financial Condition and Results of Operations | 23 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk | 40 |
| Item 4. | Controls and Procedures | 40 |
| PART II | | |
| Item 1. | Legal Proceedings | 42 |
| Item 1A. | Risk Factors | 42 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 42 |
| Item 6. | Exhibits | 43 |
| Signature | | 44 |

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

Item 1. Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENTS
(In millions, except per share amounts)
(Unaudited)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Net sales and revenue | | |
| Automotive | $34,364 | $36,315 |
| GM Financial | 1,348 | 1,093 |
| Total net sales and revenue | 35,712 | 37,408 |
| Costs and expenses | | |
| Automotive cost of sales (Note 8) | 30,674 | 34,127 |
| GM Financial interest, operating and other expenses | 1,168 | 875 |
| Automotive selling, general and administrative expense | 3,117 | 2,941 |
| Total costs and expenses | 34,959 | 37,943 |
| Operating income (loss) | 753 | (535) |
| Automotive interest expense | 110 | 103 |
| Interest income and other non-operating income, net | 241 | 89 |
| Equity income (Note 5) | 553 | 605 |
| Income before income taxes | 1,437 | 56 |
| Income tax expense (benefit) (Note 11) | 529 | (224) |
| Net income | 908 | 280 |
| Net (income) loss attributable to noncontrolling interests | 37 | (67) |
| Net income attributable to stockholders | $945 | $213 |
| | | |
| Net income attributable to common stockholders | $945 | $125 |
| | | |
| Earnings per share (Note 14) | | |
| Basic | | |
| Basic earnings per common share | $0.58 | $0.08 |
| Weighted-average common shares outstanding | 1,617 | 1,587 |
| Diluted | | |
| Diluted earnings per common share | $0.56 | $0.06 |
| Weighted-average common shares outstanding | 1,686 | 1,691 |
| | | |
| Dividends declared per common share | $0.30 | $0.30 |

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Net income | $908 | $280 |
| Other comprehensive income (loss), net of tax (Note 13) | | |
| Foreign currency translation adjustments | 192 | (98) |
| Unrealized gains on securities, net | 5 | 3 |
| Defined benefit plans, net | 554 | 67 |
| Other comprehensive income (loss), net of tax | 751 | (28) |
| Comprehensive income | 1,659 | 252 |
| Comprehensive (income) loss attributable to noncontrolling interests | 28 | (64) |
| Comprehensive income attributable to stockholders | $1,687 | $188 |

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)
(Unaudited)

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | $15,776 | $18,954 |
| Marketable securities (Note 2) | 8,409 | 9,222 |
| Restricted cash and marketable securities (Note 2; Note 6 at VIEs) | 1,414 | 1,338 |
| Accounts and notes receivable (net of allowance of $321 and $340) | 11,569 | 9,078 |
| GM Financial receivables, net (Note 3; Note 6 at VIEs) | 16,127 | 16,528 |
| Inventories (Note 4) | 14,051 | 13,642 |
| Equipment on operating leases, net | 4,563 | 3,564 |
| Deferred income taxes | 9,704 | 9,760 |
| Other current assets | 1,618 | 1,584 |
| Total current assets | 83,231 | 83,670 |
| Non-current Assets | | |
| Restricted cash and marketable securities (Note 2; Note 6 at VIEs) | 625 | 935 |
| GM Financial receivables, net (Note 3; Note 6 at VIEs) | 16,180 | 16,006 |
| Equity in net assets of nonconsolidated affiliates (Note 5) | 9,756 | 8,350 |
| Property, net | 27,755 | 27,743 |
| Goodwill and intangible assets, net | 6,297 | 6,410 |
| GM Financial equipment on operating leases, net (Note 6 at VIEs) | 8,939 | 7,060 |
| Deferred income taxes | 24,782 | 25,414 |
| Other assets | 2,353 | 2,089 |
| Total non-current assets | 96,687 | 94,007 |
| Total Assets | $179,918 | $177,677 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts payable (principally trade) | $25,187 | $22,529 |
| Short-term debt and current portion of long-term debt (Note 7) | | |
| Automotive | 411 | 500 |
| GM Financial (Note 6 at VIEs) | 13,940 | 14,488 |
| Accrued liabilities | 27,804 | 28,184 |
| Total current liabilities | 67,342 | 65,701 |
| Non-current Liabilities | | |
| Long-term debt (Note 7) | | |
| Automotive | 8,722 | 8,910 |
| GM Financial (Note 6 at VIEs) | 25,185 | 22,943 |
| Postretirement benefits other than pensions (Note 9) | 6,089 | 6,229 |
| Pensions (Note 9) | 22,206 | 23,788 |
| Other liabilities | 13,551 | 14,082 |
| Total non-current liabilities | 75,753 | 75,952 |
| Total Liabilities | 143,095 | 141,653 |
| Commitments and contingencies (Note 10) | | |

| | | |
|---|---|---|
| Equity (Note 13) | | |
| Common stock, $0.01 par value | 16 | 16 |
| Additional paid-in capital | 28,819 | 28,937 |
| Retained earnings | 14,825 | 14,577 |
| Accumulated other comprehensive loss | (7,331) | (8,073) |
| Total stockholders' equity | 36,329 | 35,457 |
| Noncontrolling interests | 494 | 567 |
| Total Equity | 36,823 | 36,024 |
| Total Liabilities and Equity | $179,918 | $177,677 |

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In millions)
(Unaudited)

| | | Common Stockholders' | | | | | |
|---|---|---|---|---|---|---|---|
| | Series A Preferred Stock | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Noncontrolling Interests | Total Equity |
| Balance at January 1, 2014 | $3,109 | $15 | $28,780 | $13,816 | $ (3,113) | $ 567 | $43,174 |
| Net income | — | — | — | 213 | — | 67 | 280 |
| Other comprehensive loss | — | — | — | — | (25) | (3) | (28) |
| Exercise of common stock warrants | — | 1 | 9 | — | — | — | 10 |
| Stock based compensation | — | — | (11) | (3) | — | — | (14) |
| Cash dividends paid on common stock | — | — | — | (481) | — | — | (481) |
| Cash dividends paid on Series A preferred stock | — | — | — | (88) | — | — | (88) |
| Dividends declared or paid to noncontrolling interests | — | — | — | — | — | (30) | (30) |
| Other | — | — | — | — | — | 17 | 17 |
| Balance at March 31, 2014 | $3,109 | $16 | $28,778 | $13,457 | $ (3,138) | $ 618 | $42,840 |
| | | | | | | | |
| Balance at January 1, 2015 | | $16 | $28,937 | $14,577 | $ (8,073) | $ 567 | $36,024 |
| Net income | | — | — | 945 | — | (37) | 908 |
| Other comprehensive income | | — | — | — | 742 | 9 | 751 |
| Purchase of common stock | | — | (168) | (207) | — | — | (375) |
| Exercise of common stock warrants | | — | 39 | — | — | — | 39 |
| Stock based compensation | | — | 11 | (5) | — | — | 6 |
| Cash dividends paid on common stock | | — | — | (485) | — | — | (485) |
| Dividends declared or paid to noncontrolling interests | | — | — | — | — | (47) | (47) |
| Other | | — | — | — | — | 2 | 2 |
| Balance at March 31, 2015 | | $16 | $28,819 | $14,825 | $ (7,331) | $ 494 | $36,823 |

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Net cash provided by operating activities | $375 | $1,976 |
| Cash flows from investing activities | | |
| Expenditures for property | (1,684) | (1,759) |
| Available-for-sale marketable securities, acquisitions | (1,634) | (891) |
| Trading marketable securities, acquisitions | (522) | (302) |
| Available-for-sale marketable securities, liquidations | 2,467 | 1,055 |
| Trading marketable securities, liquidations | 386 | 332 |
| Acquisition of companies/investments, net of cash acquired | (1,051) | — |
| Increase in restricted cash and marketable securities | (221) | (281) |
| Decrease in restricted cash and marketable securities | 68 | 159 |
| Purchases of finance receivables | (4,067) | (3,300) |
| Principal collections and recoveries on finance receivables | 2,814 | 2,639 |
| Purchases of leased vehicles, net | (2,252) | (620) |
| Proceeds from termination of leased vehicles | 185 | 123 |
| Other investing activities | 43 | 8 |
| Net cash used in investing activities | (5,468) | (2,837) |
| Cash flows from financing activities | | |
| Net increase in short-term debt | 98 | 384 |
| Proceeds from issuance of debt (original maturities greater than three months) | 6,155 | 5,683 |
| Payments on debt (original maturities greater than three months) | (3,109) | (4,764) |
| Payments to purchase stock | (300) | — |
| Dividends paid | (488) | (571) |
| Other financing activities | 3 | (14) |
| Net cash provided by financing activities | 2,359 | 718 |
| Effect of exchange rate changes on cash and cash equivalents | (444) | (452) |
| Net decrease in cash and cash equivalents | (3,178) | (595) |
| Cash and cash equivalents at beginning of period | 18,954 | 20,021 |
| Cash and cash equivalents at end of period | $15,776 | $19,426 |
| Supplemental cash flow information: | | |
| Non-cash property additions | $1,649 | $1,485 |

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

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Note 1. Nature of Operations and Basis of Presentation

General Motors Company is sometimes referred to in this Quarterly Report on Form 10-Q as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM.” We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial). We analyze the results of our business through the following segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

### Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. Accordingly they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The accompanying condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments and transactions or events discretely impacting the interim periods, considered necessary by management to fairly state our results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2014 Form 10-K as filed with the SEC.

### Accounting Standards Not Yet Adopted

In May 2014 the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09) which requires companies to recognize revenue when a customer obtains control rather than when companies have transferred substantially all risks and rewards of a good or service. This update is effective for annual reporting periods beginning on or after December 15, 2016 and interim periods therein and requires expanded disclosures. We are currently assessing the impact the adoption of ASU 2014-09 will have on our consolidated financial statements.

## Note 2. Marketable Securities

The following table summarizes the fair value of marketable securities which approximates cost (dollars in millions):

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

| | Fair Value Level | March 31, 2015 | December 31, 2014 |
|---|---|---|---|
| Cash and cash equivalents | | | |
| Available-for-sale securities | | | |
| U.S. government and agencies | 2 | $673 | $1,600 |
| Sovereign debt | 2 | 313 | 774 |
| Money market funds | 1 | 1,439 | 2,480 |
| Corporate debt | 2 | 6,157 | 6,036 |
| Total available-for-sale securities | | 8,582 | 10,890 |
| Trading securities – sovereign and corporate debt | 2 | 207 | 431 |
| Total marketable securities classified as cash equivalents | | 8,789 | 11,321 |
| Cash, cash equivalents and time deposits | | 6,987 | 7,633 |
| Total cash and cash equivalents | | $15,776 | $18,954 |
| Marketable securities | | | |
| Available-for-sale securities | | | |
| U.S. government and agencies | 2 | $5,021 | $5,957 |
| Corporate debt | 2 | 2,103 | 1,998 |
| Total available-for-sale securities | | 7,124 | 7,955 |
| Trading securities – sovereign debt | 2 | 1,285 | 1,267 |
| Total marketable securities | | $8,409 | $9,222 |
| Restricted cash and marketable securities | | | |
| Available-for-sale securities, primarily money market funds | 1 | $1,515 | $1,427 |
| Restricted cash, cash equivalents and time deposits | | 524 | 846 |
| Total restricted cash and marketable securities | | $2,039 | $2,273 |

Sales proceeds from investments classified as available-for-sale and sold prior to maturity were $1.4 billion and $736 million in the three months ended March 31, 2015 and 2014. Cumulative unrealized gains and losses on available-for-sale securities were insignificant at March 31, 2015 and December 31, 2014 and net unrealized gains and losses on trading securities were insignificant in the three months ended March 31, 2015 and 2014.

The following table summarizes the fair value of investments classified as available-for-sale, which approximates amortized cost, by contractual maturity at March 31, 2015 (dollars in millions):

| | March 31, 2015 |
|---|---|
| Due in one year or less | $12,300 |
| Due after one year through five years | 1,995 |
| Total contractual maturities of available-for-sale securities | $14,295 |

Note 3. GM Financial Receivables, net

The following table summarizes the components of GM Financial receivables, net (dollars in millions):

| | March 31, 2015 | | | December 31, 2014 | | |
|---|---|---|---|---|---|---|
| | Consumer | Commercial | Total | Consumer | Commercial | Total |
| Finance receivables | $25,591 | $7,444 | $33,035 | $25,623 | $7,606 | $33,229 |
| Less: allowance for loan losses | (692) | (36) | (728) | (655) | (40) | (695) |
| GM Financial receivables, net | $24,899 | $7,408 | $32,307 | $24,968 | $7,566 | $32,534 |
| | | | | | | |
| Fair value of GM Financial receivables, net | | | $32,778 | | | $33,106 |

Allowance for loan losses classified as current at March 31, 2015 and December 31, 2014 were $569 million and $529 million.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

GM Financial determines the fair value of consumer finance receivables using observable and unobservable inputs within a cash flow model, a Level 3 input. The inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows is calculated and discounted using a weighted-average cost of capital or current interest rates. The weighted-average cost of capital uses debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity profile as the portfolio. Macroeconomic factors could affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model. A substantial majority of commercial finance receivables have variable interest rates and maturities of one year or less. Therefore the carrying amount is considered to be a reasonable estimate of fair value.

The following table summarizes activity for the allowance for loan losses on finance receivables (dollars in millions):

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Balance at beginning of period | $695 | $548 |
| Provision for loan losses | 155 | 135 |
| Charge-offs | (234) | (224) |
| Recoveries | 124 | 127 |
| Effect of foreign currency | (12) | — |
| Balance at end of period | $728 | $586 |

The activity of the allowance for commercial loan losses was insignificant in the three months ended March 31, 2015 and 2014.

Credit Quality

Consumer Finance Receivables

GM Financial uses proprietary scoring systems in its underwriting process that measure the credit quality of the receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO scores) and contract characteristics. In addition to GM Financial's proprietary scoring systems GM Financial considers other individual consumer factors such as employment history, financial stability and capacity to pay. Subsequent to origination GM Financial reviews the credit quality of retail receivables based on customer payment activity. At the time of loan origination substantially all of GM Financial's international consumers were considered to be prime credit quality. At March 31, 2015 and December 31, 2014, 77% and 83% of the consumer finance receivables in North America were from consumers with sub-prime credit scores, which are defined as FICO scores of less than 620 at the time of loan origination.

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. At March 31, 2015 and December 31, 2014 the accrual of finance charge income has been suspended on delinquent consumer finance receivables with contractual amounts due of $581 million and $682 million. The following table summarizes the contractual amount of delinquent contracts, which is not significantly different than the recorded investment of the consumer finance receivables (dollars in millions):

| | March 31, 2015 | March 31, 2014 |
|---|---|---|
| | Amount | Amount |

| | | Percent of Contractual Amount Due | | | Percent of Contractual Amount Due | |
|---|---|---|---|---|---|---|
| 31-to-60 days delinquent | $880 | 3.4 | % | $717 | 3.1 | % |
| Greater-than-60 days delinquent | 357 | 1.4 | % | 336 | 1.4 | % |
| Total finance receivables more than 30 days delinquent | 1,237 | 4.8 | % | 1,053 | 4.5 | % |
| In repossession | 42 | 0.2 | % | 38 | 0.1 | % |
| Total finance receivables more than 30 days delinquent or in repossession | $1,279 | 5.0 | % | $1,091 | 4.6 | % |

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

Impaired Finance Receivables - Troubled Debt Restructurings

The following table summarizes the outstanding recorded investment for consumer finance receivables that are considered to be troubled debt restructurings and the related allowance (dollars in millions):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Outstanding recorded investment | $1,294 | $1,234 |
| Less: allowance for loan losses | (164) | (172) |
| Outstanding recorded investment, net of allowance | $1,130 | $1,062 |
| | | |
| Unpaid principal balance | $1,319 | $1,255 |

Commercial Finance Receivables

GM Financial's commercial finance receivables consist of dealer financings, primarily for inventory purchases. A proprietary model is used to assign a risk rating to each dealer. A credit review of each dealer is performed at least annually, and if necessary, the dealer's risk rating is adjusted on the basis of the review. The credit lines for Group VI dealers are typically suspended and no further funding is extended to these dealers. At March 31, 2015 and December 31, 2014 the commercial finance receivables on non-accrual status were insignificant. The following table summarizes the credit risk profile by dealer grouping of the commercial finance receivables (dollars in millions):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Group I - Dealers with superior financial metrics | $954 | $1,050 |
| Group II - Dealers with strong financial metrics | 2,100 | 2,022 |
| Group III - Dealers with fair financial metrics | 2,590 | 2,599 |
| Group IV - Dealers with weak financial metrics | 1,095 | 1,173 |
| Group V - Dealers warranting special mention due to potential weaknesses | 514 | 524 |
| Group VI - Dealers with loans classified as substandard, doubtful or impaired | 191 | 238 |
| | $7,444 | $7,606 |

Note 4. Inventories

The following tables summarize the components of Inventories (dollars in millions):

| | March 31, 2015 | | | | |
|---|---|---|---|---|---|
| | GMNA | GME | GMIO | GMSA | Total |
| Total productive material, supplies and work in process | $3,013 | $738 | $1,275 | $853 | $5,879 |
| Finished product, including service parts | 4,098 | 2,446 | 933 | 695 | 8,172 |
| Total inventories | $7,111 | $3,184 | $2,208 | $1,548 | $14,051 |
| | December 31, 2014 | | | | |
| | GMNA | GME | GMIO | GMSA | Total |
| Total productive material, supplies and work in process | $2,592 | $778 | $1,216 | $794 | $5,380 |
| Finished product, including service parts | 4,320 | 2,394 | 1,026 | 522 | 8,262 |
| Total inventories | $6,912 | $3,172 | $2,242 | $1,316 | $13,642 |

Note 5. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

Sales and income of our Automotive China joint ventures (Automotive China JVs) are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income. There have been no significant ownership changes in our Automotive China JVs since December 31, 2014. The following table summarizes information regarding Equity income (dollars in millions):

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Automotive China JVs | $519 | $595 |
| Other joint ventures | 34 | 10 |
| Total equity income | $553 | $605 |

Dividends received from nonconsolidated affiliates were insignificant in the three months ended March 31, 2015 and 2014. At March 31, 2015 and December 31, 2014 we had undistributed earnings including dividends declared but not received of $2.6 billion and $2.0 billion related to our nonconsolidated affiliates.

On January 2, 2015 GM Financial completed its acquisition of Ally Financial, Inc.'s (Ally Financial) 40% equity interest in SAIC-GMAC Automotive Finance Company Limited (SAIC-GMAC) in China. The aggregate purchase price was $1.0 billion. Also on January 2, 2015 GM Financial sold a 5% equity interest in SAIC-GMAC to Shanghai Automotive Group Finance Company Ltd. (SAICFC), a current shareholder of SAIC-GMAC, for proceeds of $125 million. As a result of these transactions GM Financial now owns 35%, SAICFC owns 45% and GM indirectly owns 45% of SAIC-GMAC. GM Financial's share of earnings of SAIC-GMAC is included in the Equity income of Other joint ventures in the table above. The difference between GM Financial's carrying amount of its investment and its share of the underlying net assets of SAIC-GMAC was $371 million at March 31, 2015, which was primarily related to goodwill. The pro forma effect on earnings had this acquisition occurred on January 1, 2014 was not significant.

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts. We purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. We also sell component parts and vehicles to certain nonconsolidated affiliates. The following tables summarize transactions with nonconsolidated affiliates (dollars in millions):

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Automotive sales and revenue | $452 | $783 |
| Automotive purchases, net | $53 | $105 |
| Operating cash flows | $456 | $541 |

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Accounts and notes receivable, net | $636 | $706 |
| Accounts payable | $205 | $205 |

Note 6. Variable Interest Entities

Automotive Financing - GM Financial Consolidated Variable Interest Entities (VIEs)

GM Financial uses special purpose entities (SPEs) that are considered VIEs to issue variable funding notes to third party bank-sponsored warehouse facilities or asset-backed securities to investors in securitization transactions. The debt issued by these VIEs is backed by the cash flows related to finance receivables and leasing related assets

transferred by GM Financial to the VIEs (Securitized Assets). GM Financial holds variable interests in the VIEs that could potentially be significant to the VIEs. GM Financial determined that they are the primary beneficiary of the SPEs because: (1) the servicing responsibilities for the Securitized Assets give GM Financial the power to direct the activities that most significantly impact the performance of the VIEs; and (2) the variable interests in the VIEs give GM Financial the obligation to absorb losses and the right to receive residual returns that could potentially be significant. The assets and liabilities of the VIEs are included in GM Financial's condensed consolidated

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

balance sheets. The following table summarizes the assets and liabilities related to GM Financial's consolidated VIEs (dollars in millions):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Restricted cash – current | $1,265 | $1,110 |
| Restricted cash – non-current | $561 | $611 |
| GM Financial receivables, net – current | $11,259 | $11,134 |
| GM Financial receivables, net – non-current | $10,598 | $11,583 |
| GM Financial equipment on operating leases, net | $5,401 | $4,595 |
| GM Financial short-term debt and current portion of long-term debt | $10,735 | $10,502 |
| GM Financial long-term debt | $12,122 | $12,292 |

The assets of the VIEs serve as the sole source of repayment for the debt issued by these entities. Investors in the notes issued by the VIEs do not have recourse to GM Financial or its other assets, with the exception of customary representation and warranty repurchase provisions and indemnities that GM Financial provides as the servicer. GM Financial is not required and does not currently intend to provide additional financial support to these SPEs. While these subsidiaries are included in GM Financial's condensed consolidated financial statements, these subsidiaries are separate legal entities and their assets are legally owned by them and are not available to GM Financial's creditors.

Note 7. Short-Term and Long-Term Debt

Automotive

The following table summarizes the carrying amount and fair value of debt (dollars in millions):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Carrying amount | $9,133 | $9,410 |
| Fair value | $9,761 | $9,799 |

The fair value of debt includes $7.7 billion and $7.6 billion measured utilizing Level 1 inputs and $2.1 billion and $2.2 billion measured utilizing Level 2 inputs at March 31, 2015 and December 31, 2014. The fair value of debt measured utilizing Level 1 inputs was based on quoted prices in active markets for identical instruments that a market participant can access at the measurement date. The fair value of debt measured utilizing Level 2 inputs was based on a discounted cash flow model using observable inputs. This model utilizes observable inputs such as contractual repayment terms and benchmark yield curves, plus a spread based on our senior unsecured notes that is intended to represent our nonperformance risk. We obtain the benchmark yield curves and yields on unsecured notes from independent sources that are widely used in the financial industry.

Automotive Financing - GM Financial

The following table summarizes the carrying amount and fair value of debt (dollars in millions):

| | March 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Secured debt | $24,693 | $24,717 | $25,214 | $25,228 |
| Unsecured debt | 14,432 | 14,772 | 12,217 | 12,479 |
| Total GM Financial debt | $39,125 | $39,489 | $37,431 | $37,707 |

The fair value of debt includes $34.3 billion and $32.8 billion measured utilizing Level 2 inputs and $5.2 billion and $4.9 billion measured utilizing Level 3 inputs at March 31, 2015 and December 31, 2014. The fair value of debt measured utilizing Level 2 inputs was based on quoted market prices and if unavailable, quoted market prices of similar securities. For debt that has terms of one year or less or has been priced within the last six months, the carrying amount or par value is considered to be a reasonable

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

estimate of fair value. The fair value of debt measured utilizing Level 3 inputs was based on the discounted future net cash flows expected to be settled using current risk-adjusted rates.

Secured Debt

Secured debt consists of revolving credit facilities and securitization notes payable. Most of the secured debt was issued by VIEs and is repayable only from proceeds related to the underlying pledged finance receivables and leases. Refer to Note 6 for additional information relating to GM Financial's involvement with VIEs. In the three months ended March 31, 2015 GM Financial issued securitization notes payable of $2.0 billion and entered into new or renewed credit facilities with a total net additional borrowing capacity of $770 million.

Unsecured Debt

Unsecured debt consists of senior notes, credit facilities and other unsecured debt. In January 2015 GM Financial issued $2.25 billion in aggregate principal amount of senior notes comprising $1.0 billion of 3.15% notes due in January 2020, $1.0 billion of 4.0% notes due in January 2025 and $250 million of floating rate notes due in January 2020. In February 2015 GM Financial issued Euro 650 million of 0.85% term notes due in February 2018. All of these notes are guaranteed by GM Financial's principal operating subsidiary.

In April 2015 GM Financial issued $2.4 billion in aggregate principal amount of senior notes comprising $850 million of 2.4% notes due in April 2018, $1.25 billion of 3.45% notes due in April 2022 and $300 million of floating rate notes due in April 2018. The notes are guaranteed by GM Financial's principal operating subsidiary.

Note 8. Product Warranty and Related Liabilities

The following table summarizes activity for policy, product warranty, recall campaigns and courtesy transportation (dollars in millions):

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Beginning balance | $9,646 | $7,601 |
| Warranties issued and assumed in period - recall campaigns and courtesy transportation | 183 | 1,386 |
| Warranties issued and assumed in period - policy and product warranty | 562 | 634 |
| Payments | (1,074) | (769) |
| Adjustments to pre-existing warranties | 86 | (3) |
| Effect of foreign currency and other | (161) | (11) |
| Ending balance | $9,242 | $8,838 |

In the three months ended March 31, 2014 we recorded charges of approximately $1.3 billion for the recall of approximately 7 million vehicles as described in our 2014 Form 10-K. We had historically accrued estimated costs related to recall campaigns in GMNA when probable and reasonably estimable, which typically occurs once it is determined a specific recall campaign is needed and announced. During the three months ended September 30, 2014 we began accruing the costs for recall campaigns at the time of vehicle sale in GMNA.

Note 9. Pensions and Other Postretirement Benefits

The following table summarizes the components of net periodic pension and other postretirement benefits (OPEB) (income) expense (dollars in millions):

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

| | Three Months Ended March 31, 2015 | | | Three Months Ended March 31, 2014 | | |
|---|---|---|---|---|---|---|
| | Pension Benefits | | Global | Pension Benefits | | Global |
| | U.S. Plans | Non-U.S. Plans | OPEB Plans | U.S. Plans | Non-U.S. Plans | OPEB Plans |
| Service cost | $101 | $100 | $6 | $95 | $93 | $5 |
| Interest cost | 689 | 196 | 60 | 765 | 262 | 68 |
| Expected return on plan assets | (974) | (203) | — | (978) | (219) | — |
| Amortization of prior service cost (credit) | (1) | 4 | (3) | (1) | 5 | (4) |
| Amortization of net actuarial (gains) losses | 2 | 58 | 8 | (23) | 39 | 2 |
| Curtailments, settlements and other | — | — | — | (2) | 2 | — |
| Net periodic pension and OPEB (income) expense | $(183) | $155 | $71 | $(144) | $182 | $71 |

Note 10. Commitments and Contingencies

The following tables summarize information related to Commitments and contingencies (dollars in millions):

| | March 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| | Liability Recorded | Maximum Liability(a) | Liability Recorded | Maximum Liability(a) |
| Guarantees | | | | |
| Product-related indemnification agreements | $50 | $ 2,278 | $51 | $ 2,458 |
| Third party commercial loans and other obligations | $38 | $ 243 | $37 | $ 197 |

_____

(a) Calculated as future undiscounted payments.

| | Liability Recorded | |
|---|---|---|
| | March 31, 2015 | December 31, 2014 |
| Other litigation-related liability and tax administrative matters | $862 | $1,000 |
| Product liability | $767 | $732 |
| Ignition switch recall compensation program | $350 | $315 |

Guarantees

We enter into indemnification agreements for liability claims involving products manufactured primarily by certain joint ventures. These guarantees terminate in years ranging from 2020 to 2029 and we believe that the related potential costs incurred are adequately covered by recorded accruals.

We also provide vehicle repurchase guarantees and payment guarantees on commercial loans outstanding with third parties such as dealers. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third parties. These guarantees and other obligations expire in 2015 through 2020 or upon the occurrence of specific events or are ongoing.

In some instances certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered. If vehicles are required to be repurchased under vehicle repurchase obligations, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer.

We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Insignificant amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time and the fair value of the guarantees at issuance was insignificant.

Other Litigation-Related Liability and Tax Administrative Matters

13

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

Various legal actions, governmental investigations, claims and proceedings are pending against us including matters arising out of alleged product defects; employment-related matters; governmental regulations relating to safety, emissions and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to Accounting Standards Codification (ASC) 740, "Income Taxes" (indirect tax-related matters) and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow. Escrow deposits may range from $400 million to $600 million. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at March 31, 2015. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities. Litigation is inherently unpredictable however; and unfavorable resolutions could occur. Accordingly it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

The discussion in the following paragraphs describes material legal proceedings to which we are a party, other than ordinary routine litigation incidental to our business.

Proceedings Related to Ignition Switch Recall and Other Recalls

In the year ended December 31, 2014 we announced a number of recalls relating to safety, customer satisfaction and other matters. Those recalls included recalls to repair ignition switches that could under certain circumstances unintentionally move from the “run” position to the “accessory” or “off” position with a corresponding loss of power, which could in turn prevent airbags from deploying in the event of a crash.

Through April 20, 2015 we were aware of 108 putative class actions pending against GM in various federal and state trial courts in the U.S. alleging that consumers who purchased or leased vehicles manufactured by GM or General Motors Corporation had been economically harmed by one or more of the recalls announced in 2014 and/or the underlying vehicle conditions associated with those recalls (economic-loss cases). Additionally, through April 20, 2015 we were aware of 21 putative class actions pending in various Provincial Courts in Canada seeking relief similar to that sought in the economic-loss cases in the U.S. In the aggregate these economic-loss cases seek recovery for purported compensatory damages, such as alleged diminution in value of the vehicles, as well as punitive damages and injunctive and other relief.

Through April 20, 2015 we were aware of 144 actions pending in various federal and state trial courts in the U.S. against GM alleging injury or death as a result of defects that may be the subject of recalls announced in 2014 (personal injury cases). In the aggregate these personal injury cases seek recovery for purported compensatory damages, punitive damages and other relief.

Since June 2014 the United States Judicial Panel on Multidistrict Litigation has issued orders from time to time directing that certain pending economic-loss and personal injury federal lawsuits involving alleged faulty ignition switches or other defects that may be related to the recalls announced in the year ended December 31, 2014 be transferred to, and consolidated in, a single federal court, the Southern District of New York (the multidistrict litigation). Through April 20, 2015 192 cases have been transferred to, and consolidated with, the multidistrict litigation.

Because many of the plaintiffs in the actions described in the above paragraphs are suing over the conduct of General Motors Corporation or vehicles manufactured by that entity for liabilities not expressly assumed by GM, we moved to enforce the terms of the July 2009 Sale Order and Injunction issued by the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court) to preclude claims from being asserted against us for, among other things, personal injury claims based on pre-sale accidents, any economic-loss claims based on acts or conduct of General Motors Corporation and claims asserting successor liability for obligations owed by General Motors Corporation (successor liability claims). On April 15, 2015 the Bankruptcy Court issued a Decision precluding claims against us based upon pre-sale accidents, claims based upon the acts or conduct by General Motors Corporation and successor liability claims, except for claims asserting liabilities that had been expressly assumed by us

in the July 2009 Sale Agreement and claims that could be asserted against us only if they were otherwise viable and arose solely out of our own independent post-closing acts and did not in any way rely on acts or conduct by General Motors Corporation. Plaintiffs have indicated that they will appeal the Bankruptcy Court's decision.

In the putative shareholder class action filed in the United States District Court for the Eastern District of Michigan, the court appointed the New York State Teachers' Retirement System as the lead plaintiff. On January 15, 2015 New York State Teachers' Retirement System filed a Consolidated Class Action Complaint against GM and several current and former officers and employees (the Defendants). On behalf of purchasers of GM common stock from November 17, 2010 to July 24, 2014, the Consolidated Class Action Complaint alleges that Defendants made material misstatements and omissions relating to problems with the ignition switch and other matters in SEC filings and other public statements. On March 13, 2015 Defendants filed a motion to dismiss.

With regard to the shareholder derivative actions, the two shareholder derivative actions pending in the United States District Court for the Eastern District of Michigan have been consolidated and all proceedings, including those related to the motion to dismiss we filed in October 2014, remain suspended pending disposition of the parallel action being litigated in Delaware Chancery Court. With regard to that pending litigation in Delaware Chancery Court, the four shareholder derivative actions pending in that court have been consolidated and plaintiffs filed an amended consolidated complaint on October 13, 2014. We filed a motion to dismiss the amended consolidated complaint on December 5, 2014. The motion to dismiss has been taken under advisement by the Court. With regard to the two derivative actions filed in the Circuit Court of Wayne County, Michigan, those actions have been consolidated and remain stayed pending disposition of the federal derivative actions.

In connection with the 2014 recalls, we remain subject to various inquiries, investigations, subpoenas, requests for information and complaints from the U.S. Attorney's Office for the Southern District of New York, Congress, the SEC, Transport Canada and 50 state attorneys general. We are investigating these matters and believe we are cooperating fully with all requests. Such investigations and discussions could in the future result in the imposition of material damages, fines, civil and criminal penalties and other remedies.

We are currently unable to estimate a range of reasonably possible loss for the lawsuits and investigations because these matters involve significant uncertainties at these early stages. These uncertainties include the legal theory or the nature of the claims as well as the complexity of the facts. Although we cannot estimate a reasonable range of loss based on currently available information, the resolution of these matters could have a material adverse effect on our financial position, results of operations or cash flows.

GMCL Dealers' Claim

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against General Motors of Canada Limited (GMCL) on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009 in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a

claim “not exceeding” Canadian Dollar $750 million, without explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). A number of former dealers have opted out of participation in the litigation, leaving 181 dealers in the certified class. Trial of the class issues was completed in the fourth quarter of 2014. We are now awaiting a decision from the Ontario Superior Court. The current prospects for liability are uncertain, but because liability is not deemed probable we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability as the case presents a variety of different legal theories, none of which GMCL believes are valid.

UAW Claim

On April 6, 2010 the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (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 UAW Retiree Medical Benefits Trust. The UAW alleges that we were contractually 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. On December 10, 2013 the court granted our motion for summary judgment and dismissed the claims asserted by the UAW, holding that the relevant agreement is unambiguous and does not require the payment sought. The UAW has appealed. On October 9, 2014 the United States Court of Appeals for the Sixth Circuit heard oral arguments. We are now awaiting a decision from the United States Court of Appeals for the Sixth Circuit.

GM Korea Wage Litigation

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea Company (GM Korea) filed eight separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in aggregate involve more than 10,000 employees, allege that GM Korea failed to include bonuses and certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. 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. GM Korea appealed to the Supreme Court of the Republic of Korea (Supreme Court) and initiated a constitutional challenge to the adverse interpretation of the relevant statute. In December 2013 the Supreme Court rendered a decision in a case involving another company not affiliated with us which addressed many of the issues presented in the cases pending against GM Korea and resolved many of them in a manner which we believe is favorable to GM Korea. In particular, while the Supreme Court held that fixed bonuses should be included in the calculation of Ordinary Wages, it also held that claims for retroactive application of this rule would be barred under certain circumstances. On May 29, 2014 the Supreme Court rendered its decision with respect to the case involving the five GM Korea employees and remanded the case to the Seoul High Court consistent with its December 2013 ruling. In July 2014 GM Korea and its labor union agreed to include bonuses and certain allowances in Ordinary Wages retroactively to March 1, 2014. Therefore our accrual related to these cases was reclassified from a contingent liability to the Pensions liability. We estimate our reasonably possible loss, as defined by ASC 450, “Contingencies,” in excess of amounts accrued to be 568 billion South Korean Won (equivalent to $512 million) at March 31, 2015, which relates to periods before March 1, 2014. We are also party to litigation with current and former salaried employees over allegations relating to Ordinary Wages regulation. At March 31, 2015 we have identified a reasonably possible loss in excess of the amount of our accrual of 168 billion South Korean Won (equivalent to $152 million). Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available. These cases are currently pending before various district courts in Korea and the Supreme Court.

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 full-size 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. On September 4, 2014 the district court granted our motion to dismiss, and dismissed the case with prejudice. Plaintiff filed an appeal.

GM Financial Subpoena

In connection with an investigation by the U.S. Department of Justice in contemplation of a civil proceeding for potential violations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, the Department of Justice in July 2014 served GM Financial with a subpoena directing GM Financial to produce certain documents relating to the origination and securitization of sub-prime automobile loans by GM Financial and its subsidiaries and affiliates since 2007. Among other matters, the subpoena requests information relating to the underwriting criteria used to originate these automobile loans and the representations and warranties relating to those underwriting criteria that were made in connection with the securitization of the automobile loans. GM Financial was subsequently served with additional investigative subpoenas to produce documents from state attorneys general and other governmental offices relating to its sub-prime automotive finance business and securitization of

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

sub-prime automobile loans. In October 2014 GM Financial received a document request from the SEC in connection with its investigation into certain practices in sub-prime automobile loan securitization. GM Financial is investigating these matters internally and believes that it is cooperating with all requests. Such investigations could in the future result in the imposition of damages, fines or civil or criminal claims and/or penalties. No assurance can be given that the ultimate outcome of the investigations or any resulting proceedings would not materially and adversely affect GM Financial or any of its subsidiaries and affiliates.

Product Liability

With respect to product liability claims involving our and General Motors Corporation products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. In addition we indemnify dealers for certain product liability related claims including products sold by General Motors Corporation's dealers. Liabilities have been recorded in Accrued liabilities and Other liabilities for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. In light of vehicle recalls in recent years it is reasonably possible that our accruals for product liability claims may increase in future periods in material amounts, although we cannot estimate a reasonable range of incremental loss based on currently available information.

Ignition Switch Recall Compensation Program

In the three months ended June 30, 2014 we recorded a charge of $400 million as a result of the creation of a compensation program (the Program) for accident victims who died or suffered physical injury (or for their families) as a result of a faulty ignition switch related to the 2.6 million vehicles recalled in the three months ended March 31, 2014. The Program is being administered by an independent program administrator. The independent administrator has established a protocol that defines the eligibility requirements to participate in the Program. There is no cap on the amount of payments that can be made to claimants under the Program.

The amounts recorded for the Program were recorded in Automotive selling, general and administrative expense in Corporate and were treated as an adjustment for earnings before interest and taxes (EBIT)-adjusted reporting purposes. In the three months ended March 31, 2015, based on the Program's claims experience, we increased our accrual by $150 million. The following table summarizes the activity for the Program since its inception (dollars in millions):

| | Activity |
|---|---|
| Balance at April 1, 2014 | $— |
| Additions | 400 |
| Payments | (85) |
| Balance at December 31, 2014 | 315 |
| Additions | 150 |
| Payments | (115) |
| Balance at March 31, 2015 | $350 |

Based on currently available information we believe our accrual at March 31, 2015 is adequate to cover the estimated costs under the Program. However, it is reasonably possible that the liability could exceed our recorded amount by $50 million based on total charges recorded of $550 million through March 31, 2015, which would bring the total charge under the Program to $600 million, which is consistent with the range provided at the inception of the Program. The most significant estimates affecting the amount recorded include the number of participants that have

eligible claims related to death and physical injury, which also contemplates the severity of injury, the length of hospital stays and related compensation amounts and the number of people who actually elect to participate in the Program. Our estimate is subject to significant uncertainties, as programs of this nature are highly unusual and each eligible claim will have a unique underlying fact pattern. While we do not anticipate material changes to our current estimate, it is possible that material changes could occur if actual eligible claims and the related compensation amounts differ from this estimate.

The Program accepted claims from August 1, 2014 through January 31, 2015 and received a total of 4,342 claims. Payments to eligible claimants began in the three months ended December 31, 2014 and will continue through the end of 2015. Accident victims (or their families) could choose not to participate in the Program and pursue litigation against us. Accident victims (or their families)

that accept a payment under the Program agree to settle all claims against GM related to the accident. At April 17, 2015 the independent program administrator had determined 244 claims to be eligible for payment under the Program. Remaining claims are either under review, deficient awaiting further documentation or deemed ineligible. We expect the Program to complete its claims review process in the third quarter of 2015. At April 17, 2015 we had paid $208 million to eligible claimants under the Program since its inception.

Other Matters

Brazil Excise Tax Incentive

In October 2012 the Brazilian government issued a decree which increased an excise tax rate by 30 percentage points, but also provided an offsetting tax incentive that requires participating companies to meet certain criteria, such as local investment and fuel efficiency standards. Participating companies that fail to meet the required criteria are subject to clawback provisions and fines. At March 31, 2015 we believe it is reasonably assured that the program requirements will be met based on the current business model and available technologies.

Korea Fuel Economy Certification

In 2014 we determined the certified fuel economy ratings on our Cruze 1.8L gasoline vehicles sold in Korea were incorrect. We re-tested and re-certified the Cruze fuel economy ratings which fell below our prior certification and self-reported this issue to local government authorities. We voluntarily announced a customer compensation program for current and previous Cruze owners and recorded an insignificant charge in the three months ended December 31, 2014.

In November 2014 the Korean government released new fuel economy certification guidelines. We are reviewing the impact the new testing guidelines may have on the domestic fuel economy certification ratings of our products.

India Tavera Emissions Compliance

In 2013 we determined there was an emissions compliance issue with certain Tavera models produced in India. We self-reported this issue in the three months ended September 30, 2013 to local government authorities and are continuing to cooperate. We developed a solution, and while the issue was not safety related, we voluntarily recalled the vehicles to serve our customers. We believe our accrual at March 31, 2015 is adequate to cover the estimated costs of the recalled vehicles.

Note 11. Income Taxes

For interim income tax reporting we estimate our annual effective tax rate and apply it to our year to date ordinary income (loss). Tax jurisdictions with a projected or year to date loss for which a tax benefit cannot be realized are excluded. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur.

In the three months ended March 31, 2015 income tax expense of $529 million primarily resulted from tax expense attributable to entities included in our effective tax rate calculation. In the three months ended March 31, 2014 income tax benefit of $224 million primarily resulted from deductions taken for stock investments in non-U.S. affiliates.

Note 12. Restructuring and Other Initiatives

We have executed various restructuring and other initiatives and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. To the extent these programs involve voluntary separations, no liabilities are generally recorded until offers to employees are accepted. If employees are involuntarily terminated, a liability is generally recorded at the communication date. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

The following tables summarize the reserves related to restructuring and other initiatives and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

| | GMNA | GME | GMIO | GMSA | Total |
|---|---|---|---|---|---|
| Balance at January 1, 2015 | $459 | $751 | $166 | $2 | $1,378 |
| Additions, interest accretion and other | 9 | 127 | 37 | 11 | 184 |
| Payments | (19) | (385) | (22) | (11) | (437) |
| Revisions to estimates and effect of foreign currency | (11) | (53) | (10) | — | (74) |
| Balance at March 31, 2015(a) | $438 | $440 | $171 | $2 | $1,051 |
| | GMNA | GME | GMIO | GMSA | Total |
| Balance at January 1, 2014 | $497 | $503 | $333 | $16 | $1,349 |
| Additions, interest accretion and other | 10 | 191 | 48 | 49 | 298 |
| Payments | (30) | (106) | (21) | (51) | (208) |
| Revisions to estimates and effect of foreign currency | (6) | 2 | (2) | (1) | (7) |
| Balance at March 31, 2014(a) | $471 | $590 | $358 | $13 | $1,432 |

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits of $353 million and $352 million at March 31, 2015 and 2014 for GMNA, primarily relate to postemployment benefits to be paid.

Three Months Ended March 31, 2015

Restructuring and other initiatives primarily related to: (1) the change in our business model in Russia described below; and (2) separation programs in Australia, Korea, Thailand and Indonesia and the withdrawal of the Chevrolet brand from Europe which had a total cost of $551 million and affected a total of 4,220 employees at GMIO through March 31, 2015. We expect to complete these programs in GMIO in 2017 and incur additional restructuring and other charges of $245 million.

Three Months Ended March 31, 2014

Restructuring and other initiatives primarily related to: (1) the termination of all vehicle and transmission production at our Bochum, Germany facility in 2014 which had a total cost of $381 million through March 31, 2014; (2) separation programs in Australia and Korea and programs related to the withdrawal of the Chevrolet brand from Europe which had a total cost of $363 million and had affected a total of 3,350 employees at GMIO through March 31, 2014; and (3) separation programs in Brazil and Venezuela which had a total cost of $149 million at GMSA through March 31, 2014.

Change of Business Model in Russia

In March 2015 we announced plans to change our business model in Russia and will cease manufacturing, eliminate Opel brand distribution and reduce Chevrolet brand distribution by the end of 2015. This decision impacts 300 dealers and distributors and 1,130 employees. As a result we recorded pre-tax charges of $428 million at GME and GMIO in the three months ended March 31, 2015, net of noncontrolling interests of $51 million. These charges included dealer restructuring and other contract cancellation costs of $111 million and employee severance costs of $10 million which are reflected in the table above. The remaining charges for cumulative translation adjustment associated with the substantial liquidation of certain legal entities and other of $177 million, sales incentives and inventory related costs of $128 million and asset impairment charges of $53 million are not included in the table above. We may incur additional charges for exit costs of up to $100 million through 2016.

Note 13. Stockholders' Equity

Preferred and Common Stock

We have 2.0 billion shares of preferred stock and 5.0 billion shares of common stock authorized for issuance. We had 1.6 billion shares of common stock issued and outstanding at March 31, 2015 and December 31, 2014. In December 2014 we redeemed all of the remaining outstanding shares of our Series A preferred stock. In the three months ended March 31, 2015 we purchased 10 million shares of our outstanding common stock for $375 million, of which $300 million was cash settled in the three months ended March 31, 2015, as part of the common stock repurchase program announced in March 2015.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

The following table summarizes dividends paid on our preferred and common stock (dollars in millions):

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Series A preferred stock | | $88 |
| Common stock | $485 | $481 |

Accumulated Other Comprehensive Loss

The following table summarizes the components of Accumulated other comprehensive loss (dollars in millions):

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Foreign Currency Translation Adjustments | | |
| Balance at beginning of period | $(1,064) | $(614) |
| Other comprehensive income (loss) before reclassification adjustment, net of tax(a) | 22 | (98) |
| Reclassification adjustment, net of tax(a)(b) | 170 | — |
| Other comprehensive income (loss), net of tax | 192 | (98) |
| Other comprehensive income (loss) attributable to noncontrolling interests, net of tax | (9) | 3 |
| Balance at end of period | $(881) | $(709) |
| Unrealized Gains and Losses on Securities, Net | | |
| Balance at beginning of period | $(3) | $2 |
| Other comprehensive income before reclassification adjustment, net of tax(a) | 6 | 4 |
| Reclassification adjustment, net of tax(a) | (1) | (1) |
| Other comprehensive income, net of tax | 5 | 3 |
| Balance at end of period | $2 | $5 |
| Defined Benefit Plans, Net | | |
| Balance at beginning of period | $(7,006) | $(2,501) |
| Other comprehensive loss before reclassification adjustment - prior service cost or credit, net of tax(a) | (3) | (5) |
| Other comprehensive income before reclassification adjustment - actuarial gains or losses, net of tax(a) | 491 | 28 |
| Other comprehensive income before reclassification adjustment, net of tax | 488 | 23 |
| Reclassification adjustment - prior service cost or credit, net of tax(a)(c) | — | 15 |
| Reclassification adjustment - actuarial gains or losses, net of tax(a)(c) | 66 | 29 |
| Reclassification adjustment, net of tax(a) | 66 | 44 |
| Other comprehensive income, net of tax | 554 | 67 |
| Balance at end of period | $(6,452) | $(2,434) |

(a) The income tax effect was insignificant in the three months ended March 31, 2015 and 2014.

(b) Related to the change of our business model in Russia. Included in Automotive cost of sales. Refer to Note 12 for additional information.

(c) Included in the computation of net periodic pension and OPEB (income) expense. Refer to Note 9 for additional information.

Note 14. Earnings Per Share

Basic and diluted earnings per share are computed by dividing Net income attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings per share is computed by giving effect to all potentially dilutive securities that are outstanding. The following table summarizes basic and diluted earnings per share (in millions, except for per share amounts):

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Basic earnings per share | | |
| Net income attributable to stockholders | $945 | $213 |
| Less: cumulative dividends on Series A preferred stock(a) | | (88) |
| Net income attributable to common stockholders | $945 | $125 |
| | | |
| Weighted-average common shares outstanding | 1,617 | 1,587 |
| Basic earnings per common share | $0.58 | $0.08 |
| Diluted earnings per share | | |
| Net income attributable to common stockholders - basic | $945 | $125 |
| Less: earnings adjustment for dilutive stock compensation rights | — | (17) |
| Net income attributable to common stockholders - diluted | $945 | $108 |
| | | |
| Weighted-average common shares outstanding - basic | 1,617 | 1,587 |
| Dilutive effect of warrants and restricted stock units (RSUs) | 69 | 104 |
| Weighted-average common shares outstanding - diluted | 1,686 | 1,691 |
| | | |
| Diluted earnings per common share | $0.56 | $0.06 |

(a) Includes earned but undeclared dividends of $15 million on our Series A preferred stock in the three months ended March 31, 2014.

In the three months ended March 31, 2015 and 2014 warrants to purchase 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares.

Note 15. Segment Reporting

We analyze the results of our business through the following segments: GMNA, GME, GMIO, GMSA and GM Financial. The chief operating decision maker evaluates the operating results and performance of our automotive segments through income before interest and income taxes, as adjusted for additional amounts, which is presented net of noncontrolling interests. The chief operating decision maker evaluates GM Financial through income before income taxes-adjusted because he/she believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy regulations. While not all vehicles within a segment are individually profitable on a fully allocated cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these and other factors, we do not manage our business on an individual brand or vehicle basis.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Fleet sales are

completed through the network of dealers and in some cases directly with fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the Buick, Cadillac, Chevrolet and GMC brands. The demands of customers outside North America are primarily met with vehicles developed, manufactured and/or marketed under the Buick, Cadillac, Chevrolet, GMC, Holden, Opel and Vauxhall brands. We also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, primarily in Asia. These companies design, manufacture and market vehicles under the Alpheon, Baojun, Buick, Cadillac, Chevrolet, Jiefang and Wuling brands.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —— (Continued)

Our automotive operations' interest income and interest expense are recorded centrally in Corporate. Corporate assets consist primarily of cash and cash equivalents, marketable securities and intercompany balances. All intersegment balances and transactions have been eliminated in consolidation.

The following tables summarize key financial information by segment (dollars in millions):

| | At and For the Three Months Ended March 31, 2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | GMNA | GME | GMIO | GMSA | Corporate | Eliminations | Total Automotive | GM Financial | Eliminations | Total |
| Net sales and revenue | $24,676 | $4,449 | $3,112 | $2,092 | $35 | | $34,364 | $1,354 | $(6) | $35,712 |
| Income (loss) before automotive interest and taxes-adjusted | $2,182 | $(239) | $371 | $(214) | $(229) | | $1,871 | $214 | $(3) | $2,082 |
| Adjustments(a) | $32 | $(337) | $(92) | $— | $(150) | | $(547) | $— | $— | (547) |
| Automotive interest income | | | | | | | | | | 49 |
| Automotive interest expense | | | | | | | | | | (110) |
| Net loss attributable to noncontrolling interests | | | | | | | | | | (37) |
| Income before income taxes | | | | | | | | | | $1,437 |
| Total assets | $94,868 | $10,099 | $22,991 | $9,071 | $20,401 | $(25,303) | $132,127 | $49,478 | $(1,687) | $179,918 |
| Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets | $1,101 | $121 | $111 | $76 | $4 | $(1) | $1,412 | $345 | $— | $1,757 |

(a) Consists of net insurance recoveries related to flood damage of $32 million in GMNA; costs related to the change in our business model in Russia of $337 million in GME and $91 million in GMIO, which is net of non-controlling interests; charge related to the ignition switch recall compensation program of $150 million in Corporate; and other of $1 million.

| | At and For the Three Months Ended March 31, 2014 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | GMNA | GME | GMIO | GMSA | Corporate | Eliminations | Total Automotive | GM Financial | Eliminations | Total |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Net sales and revenue | $24,404 | $5,620 | $3,230 | $3,025 | $36 | | $36,315 | $1,097 | $(4) | $37,408 |
| Income (loss) before automotive interest and taxes-adjusted | $557 | $(284) | $252 | $(156) | $(123) | | $246 | $221 | $(1) | $466 |
| Adjustments(a) | $— | $— | $(9) | $(419) | $— | | $(428) | $1 | $— | (427) |
| Automotive interest income | | | | | | | | | | 53 |
| Automotive interest expense | | | | | | | | | | (103) |
| Net income attributable to noncontrolling interests | | | | | | | | | | 67 |
| Income before income taxes | | | | | | | | | | $56 |
| Total assets | $94,538 | $12,339 | $22,885 | $11,136 | $28,377 | $(33,668) | $135,607 | $40,079 | $(2,080) | $173,606 |
| Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets | $1,092 | $109 | $114 | $101 | $16 | $(1) | $1,431 | $176 | $— | $1,607 |

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(a) Consists of Venezuela currency devaluation of $419 million in GMSA and other of $8 million.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying condensed consolidated financial statements and the consolidated financial statements and notes thereto included in our 2014 Form 10-K, as filed with the SEC.

Non-GAAP Measures

Management uses EBIT-adjusted to review the operating results of our automotive segments because it excludes interest income, interest expense and income taxes as well as certain additional adjustments. GM Financial uses income before income taxes-adjusted because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. Examples of adjustments to EBIT and GM Financial's income before income taxes include certain impairment charges related to goodwill, other long-lived assets and investments; certain gains or losses on the settlement/extinguishment of obligations; and gains or losses on the sale of non-core investments. Refer to Note 15 to our condensed consolidated financial statements for our reconciliation of these non-GAAP measures to the most directly comparable financial measure under U.S. GAAP.

Management uses return on invested capital (ROIC) to review investment and capital allocation decisions. We define ROIC as EBIT-adjusted for the trailing four quarters divided by average net assets, which is considered to be the average equity balances adjusted for certain assets and liabilities during the same period.

Management uses adjusted free cash flow to review the liquidity of our automotive operations. We measure adjusted free cash flow as cash flow from operations less capital expenditures adjusted for management actions, primarily related to strengthening our balance sheet, such as accrued interest on prepayments of debt and voluntary contributions to employee benefit plans. Refer to the “Liquidity and Capital Resources” section of MD&A for our reconciliation of this non-GAAP measure to the most directly comparable financial measure under U.S. GAAP.

Management uses these non-GAAP measures in its financial and operational decision making processes, for internal reporting and as part of its forecasting and budgeting processes as they provide additional transparency of our core operations. These measures allow management to view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions.

Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, related U.S. GAAP measures.

The following table summarizes the reconciliation of ROIC (dollars in billions):

| | Four Quarters Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| EBIT-adjusted | $8.1 | $7.3 |
| Average equity | $39.7 | $40.6 |
| Add: Average automotive debt and interest liabilities (excluding capital leases) | 7.3 | 5.6 |

| | | | | |
|---|---|---|---|---|
| Add: Average automotive net pension & OPEB liability | 27.4 | | 30.3 | |
| Less: Average fresh start accounting goodwill | (0.1 | ) | (0.4 | ) |
| Less: Average net automotive income tax asset | (32.6 | ) | (33.1 | ) |
| ROIC average net assets | $41.7 | | $43.0 | |
| | | | | |
| ROIC | 19.5 | % | 16.9 | % |

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our strategic plan includes several major initiatives that we anticipate will help us achieve 9% to 10% margins on an EBIT-adjusted basis (EBIT-adjusted margins, calculated as EBIT-adjusted divided by Net sales and revenue) by early next decade: (1) earn customers for life by developing a strong product pipeline, leading the industry in quality and safety and delivering on our commitments; (2) lead the industry in product design, with our light-weighting and mixed material body structures and in leading edge technology, including the launch of 4G LTE in China and expansion of OnStar to Europe; (3) grow our brands, particularly the Cadillac brand in the U.S. and China; (4) continue our growth in China; (5) continue our growth of GM Financial into our full captive automotive financing company; (6) deliver core operating efficiencies by institutionalizing Operational Excellence; and (7) execute our capital allocation strategy as described below. Our financial targets include the following:

- Expected improvement of EBIT-adjusted and EBIT-adjusted margins in all automotive segments in 2015 due primarily to the following anticipated trends: (1) an approximately 3% increase in global industry vehicle sales; (2) improved mix of full-size sport utility vehicles (SUVs) and full-size pick-up trucks; and (3) lower overall restructuring costs; partially offset by (4) higher marketing and engineering costs; and (5) unfavorable foreign currency effects;

- Adjusted automotive free cash flow is expected to be flat to up in 2015 compared to 2014;

- Forecasted consolidated EBIT-adjusted margins of 9% to 10% by the 2020s;

- Expected consolidated ROIC of greater than 20%;

- Expected cost efficiency improvements in manufacturing, material and logistics costs and from global business services initiatives and IT transformation;

- Expected EBIT-adjusted margins of 10% in GMNA in 2016, which we anticipate will be driven by product launches, disciplined pricing and a focus on fixed costs;

- An anticipated return to positive EBIT-adjusted in GME in 2016 driven by investments in our product portfolio, a revised brand strategy, the wind-down of our Russia operations and reduced material, development and production costs assuming Europe does not suffer another recession;

- Expected continued improvement of our results in GMIO (excluding the results of our Automotive China JVs) through our emerging market product portfolio, improvements in brand strategy and dealer networks, cost structure and sourcing over the medium term;

- Continued strong net income margins at our Automotive China JVs, with plans to invest approximately $14 billion in China through 2018 and anticipated increase in vehicle sales volumes by nearly 40% from 2014 to 2018;

- Expected continued improvement of our core operations in GMSA through product launches and material and logistics optimization, with a long-term objective of single digit EBIT-adjusted margins;

- An anticipated increase of GM Financial’s support of the sale of new GM vehicles around the world through a comprehensive suite of financing products, including continuing on the path towards full global captive capability; and

- Expected income before income taxes-adjusted for GM Financial to more than double from 2014 to 2018.

Automotive Summary and Outlook

We analyze the results of our automotive business through our four geographically-based segments:

GMNA

Automotive industry volume has continued to grow in North America. In January 2015 we expected U.S. industry light vehicle sales for the calendar year to fall in a range of 16.5 - 17.0 million units. In the three months ended March 31, 2015 the seasonally-adjusted annual selling rate for light vehicles was 16.7 million units. Based on our current cost structure, we estimate GMNA’s breakeven point at the U.S. industry level to be in the range of 10 - 11 million units.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the three months ended March 31, 2015 our U.S. retail vehicle sales increased at a rate approximately 0.6 percentage points less than industry sales. As a result our U.S. market share decreased by 0.1 percentage points. U.S. market share for Buick, Chevrolet and Cadillac decreased, while GMC increased compared to the prior year.
GMNA continued to generate increases in average transaction prices (ATP) in the U.S. According to J.D. Power PIN estimates, in the three months ended March 31, 2015 ATP increased approximately $1,850 per unit compared to the prior year on the continued strength of large pick-ups and SUVs. Contributing to the ATP, our U.S. year-to-date incentive spending as a percentage of ATP decreased by 0.3 percentage points, while industry spending increased by 0.2 percentage points compared to the prior year.
The first deliveries of the new 2015 Chevrolet Colorado and GMC Canyon mid-size pick-ups occurred in September 2014. In order to meet demand of the new mid-size pickups, a third production shift was added at our Wentzville, MO assembly plant in March 2015. Sales of the Chevrolet Trax small SUV also increased in the three months ended March 31, 2015 following its recent launch in the U.S. The 2015 Chevrolet Trax small SUV has received the highest possible 5-star Overall Vehicle Score for safety as part of the National Highway Traffic Safety Administration's New Car Assessment Program.

In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) a slight increase in U.S. industry vehicle sales; and (2) full year production of full-size SUVs; partially offset by (3) increased engineering and marketing costs.

The UAW contract we entered into in September 2011 expires in September 2015. We consider our relationships with employees to be good, but a work stoppage for any reason could have a material adverse effect on our business.

GME

The automotive industry conditions in Europe remain challenging due to economic uncertainty resulting from weak gross domestic growth, high unemployment and vehicle production overcapacity. Despite such conditions, automotive industry sales to retail and fleet customers began to improve in late 2013. This trend continued in the three months ended March 31, 2015 with industry sales to retail and fleet customers of 5 million vehicles representing a 2.8% increase compared to the corresponding period in 2014.

Our European operations are benefiting from this trend and continue to show signs of improvement underscored by further improvement in our Opel and Vauxhall market share in the three months ended March 31, 2015, which builds on our market share increases in 2013 and 2014.

We continue to implement various strategic actions to strengthen our operations and increase our competitiveness. The key actions include investments in our product portfolio including the next generation Opel Astra and Corsa, a revised brand strategy and reducing material, development and production costs, including restructuring activities. The success of these actions will depend on a combination of our ability to execute and external factors which are outside of our control.

Economic and market conditions in Russia remain and are expected to continue to be very challenging for the foreseeable future. In addition we do not have appropriate localization levels for key vehicles built in Russia and we would need to make significant future capital investments in order to improve our localization levels to ensure our products are competitive in the Russian market. As a result of these conditions our Russia business model is not sustainable over the long-term. In March 2015 we announced plans to change our business model and will cease manufacturing, eliminate Opel brand distribution and minimize Chevrolet brand distribution in Russia by the end of

2015. Refer to Note 12 to our condensed consolidated financial statements for additional information related to the impact of the change in our business model in Russia.

Despite the headwinds in Russia, we expect the European automotive industry to continue to moderately improve and we expect to have positive EBIT-adjusted in GME in 2016. In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) lower restructuring costs; partially offset by (2) higher engineering, marketing and depreciation and amortization cost; and (3) unfavorable foreign currency effects.

GMIO

We are addressing many of the challenges in our GMIO operations and continue to strategically assess the manner in which we operate in certain countries within GMIO. In 2013 we announced the withdrawal of the Chevrolet brand from Western and Central

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Europe and the ceasing of manufacturing and significant reduction of engineering operations in Australia by 2017 and incurred impairment and other charges in 2013, 2014 and 2015. In February 2015 we announced a Southeast Asia transformation plan including the transition of our Indonesian operations to a national sales company and ceasing vehicle production by the end of June 2015, along with the restructuring of our Thailand operations to focus on trucks and SUVs. As a result we recorded an insignificant charge in the three months ended March 31, 2015. We continue to execute these plans and within the financial impact that we projected. As we continue to assess our performance throughout the region, additional restructuring and rationalization actions may be required and may be material.

To address the significant industry, market share, pricing and foreign exchange pressures in the region, we continue to focus on product portfolio enhancements, manufacturing footprint rationalization, increased local sourcing of parts, cost structure reductions, as well as brand and dealer network improvements which we expect to favorably impact the region over the medium term. However, with the significant reduction in wholesale volumes and forward pricing pressures in certain markets, we tested certain long-lived assets for impairment and additional testing may occur in the near term. Determining whether long-lived assets need to be tested for impairment, whether recorded amounts are recoverable and the estimate of impairment and other charges, if any, is subject to significant uncertainty and highly dependent on finalization of our strategic assessments and associated financial forecasts.

In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) improved profit at our Automotive China JVs; (2) a flat to slight increase in industry vehicle sales; (3) improved product mix in the Middle East; and (4) improved cost performance; partially offset by (5) higher restructuring costs; and (6) unfavorable foreign currency effects.

In China we are expecting an increase in vehicle sales driven by new vehicle launches and a full year of the 2014 launches.

GMSA

We remeasure our Venezuelan subsidiaries’ non-U.S. Dollar denominated monetary assets and liabilities utilizing the rate determined by an auction process conducted by Venezuela’s Complementary System of Foreign Currency Administration (SICAD). Future devaluations of the SICAD rates may have a material impact on the results of operations in Venezuela. In addition to currency controls already in place and the effect low oil prices are having on the currency exchange mechanism the Venezuelan government announced pricing controls that, taken with other initiatives, require us to closely monitor and consider our ability to maintain a controlling financial interest in our Venezuelan subsidiaries. Refer to the "GM South America" section of MD&A for additional information.

During the three months ended March 31, 2015 the Brazilian automotive industry has been significantly impacted by the deterioration of the Brazilian Real, an economic slowdown and a lack of consumer confidence coupled with overcapacity. Brazilian automotive industry sales to retail and fleet customers were 0.7 million vehicles in the three months ended March 31, 2015, representing a 17.0% decrease compared to the corresponding period in 2014.

We have formulated a plan to implement various actions in the region to strengthen our operations and increase our competitiveness. The key areas of the plan include optimizing our product portfolio in order to adjust vehicle prices to offset foreign exchange exposure and reducing material, development and production costs, including restructuring activities. The success of these actions will depend on a combination of our ability to execute and external factors which are outside of our control. We believe the adverse economic conditions and their effect on the Brazilian automotive industry will continue through the end of 2015.

In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) a slight improvement in market share; (2) improved product and country mix; and (3) improved pricing; partially offset by (4) higher marketing, labor, material and logistics costs; and (5) unfavorable foreign currency effects.

Corporate

In March 2015 management announced its plan to return all available free cash flow to stockholders while maintaining an investment-grade balance sheet. Management's capital allocation framework includes a combined cash and marketable securities balance target of $20 billion and plans to reinvest in the business at an average target ROIC rate of 20% or more. In connection with this plan we announced a program which authorized the initial purchase of $5 billion of our common stock to begin in March 2015 and conclude before the end of 2016. At April 21, 2015 we had purchased 19 million shares of our outstanding common

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

stock for $725 million. Also, in April 2015 we announced an increase of our quarterly common stock dividend to $0.36 per share effective in the second quarter of 2015.

In the three months ended March 31, 2015, based on the ignition switch recall compensation program's claims experience, we increased our accrual for the program by $150 million. This increase to the accrual was recorded in Automotive selling, general and administrative expense and was treated as an adjustment for EBIT-adjusted reporting purposes. Total charges recorded since inception of the compensation program are $550 million. However, it is reasonably possible that the liability could exceed our recorded amount by $50 million, which is consistent with the range provided at the inception of the program. Moreover, it is possible that we could incur additional charges materially in excess of these amounts as a result of various legal proceedings and investigations relating to the ignition switch recalls announced in 2014. These recalls have led to various inquiries, investigations, subpoenas, requests for information and complaints from the U.S. Attorney Office for the Southern District of New York, Congress, the SEC, Transport Canada and 50 state attorneys general. In addition these and other recalls have resulted in a number of claims and lawsuits. Refer to Note 10 to our condensed consolidated financial statements for additional information. Such lawsuits and investigations could in the future result in the imposition of damages, substantial fines, civil lawsuits and criminal penalties, interruptions of business, modification of business practices, equitable remedies and other sanctions against us or our personnel as well as significant legal and other costs. There can be no assurance as to how the resulting consequences, if any, may impact our business, reputation, consolidated financial condition, results of operations or cash flow. We cannot currently estimate the potential liability, damages or range of potential loss as a result of the legal proceedings and government investigations relating to the ignition switch recall.

At March 31, 2015 our European businesses had deferred tax asset valuation allowances of $4.4 billion. As a result of the 2014 changes in our European operating structure and improving financial performance in certain jurisdictions, we continue to experience positive evidence trends. If these operations generate profits and taxable income in the future, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of significant portions of the valuation allowances. In the quarter in which significant valuation allowances are reversed, we will record a material tax benefit reflecting the reversal, which could result in a lower or negative effective tax rate for both the quarter and full year.

Wholesale and Retail Vehicle Sales

We present both wholesale and retail vehicle sales data to assist in the analysis of our revenue and our market share. We do not currently export vehicles to Cuba, Iran, North Korea, Sudan and Syria. Accordingly, these countries are excluded from industry sales data in the tables below and corresponding calculations of our market share.

Wholesale vehicle sales data, which represents sales directly to dealers and others, is the measure that correlates vehicle sales to our revenue from the sale of vehicles, which is the largest component of automotive Net sales and revenue. Wholesale vehicle sales exclude vehicles produced by unconsolidated joint ventures. We estimate our global breakeven point based on our wholesale unit sales, excluding Automotive China JVs, to be approximately 5 million annual wholesale unit sales. In the three months ended March 31, 2015, 49.5% of our wholesale vehicle sales volume was generated outside the U.S. The following table summarizes total wholesale vehicle sales of new vehicles by automotive segment (vehicles in thousands):

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | March 31, 2015 | | | March 31, 2014 | | |
| GMNA | 829 | 59.6 | % | 807 | 55.0 | % |
| GME | 268 | 19.3 | % | 291 | 19.8 | % |

| | | | | | | |
|---|---|---|---|---|---|---|
| GMIO | 144 | 10.3 | % | 162 | 11.0 | % |
| GMSA | 150 | 10.8 | % | 208 | 14.2 | % |
| Worldwide | 1,391 | 100.0 | % | 1,468 | 100.0 | % |

Retail vehicle sales data, which represents sales to the end customers based upon the good faith estimates of management, including fleets, does not correlate directly to the revenue we recognize during the period. However, retail vehicle sales data is indicative of the underlying demand for our vehicles. Market share information is based primarily on retail vehicle sales volume. In countries where end customer data is not readily available other data sources, such as wholesale or forecast volumes, are used to estimate retail vehicle sales.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Retail vehicle sales data includes all sales by joint ventures on a total vehicle basis, not based on the percentage of ownership in the joint venture. Certain joint venture agreements in China allow for the contractual right to report vehicle sales of non-GM trademarked vehicles by those joint ventures. Retail vehicle sales data includes vehicles sold through the dealer registration channel. This sales channel consists primarily of dealer demonstrator, loaner and self-registered vehicles (primarily in Europe). These vehicles are not eligible to be sold as new vehicles after being registered by dealers. Certain fleet sales that are accounted for as operating leases are included in retail vehicle sales at the time of delivery to the daily rental car companies. The following table summarizes total industry retail sales volume, or estimated sales volume where retail sales volume is not available, of new vehicles and the related competitive position by geographic region (vehicles in thousands):

| | Three Months Ended March 31, 2015 | | | Three Months Ended March 31, 2014 | | |
|---|---|---|---|---|---|---|
| | Industry | GM | GM % of Industry | Industry | GM | GM % of Industry |
| North America | | | | | | |
| United States | 4,040 | 684 | 16.9 % | 3,816 | 650 | 17.0 % |
| Other | 769 | 106 | 13.7 % | 702 | 95 | 13.5 % |
| Total North America | 4,809 | 790 | 16.4 % | 4,518 | 745 | 16.5 % |
| Europe | | | | | | |
| United Kingdom | 844 | 86 | 10.2 % | 777 | 85 | 11.0 % |
| Germany | 833 | 55 | 6.6 % | 782 | 57 | 7.2 % |
| Russia | 389 | 13 | 3.5 % | 614 | 54 | 8.7 % |
| Other | 2,723 | 138 | 5.0 % | 2,486 | 141 | 5.7 % |
| Total Europe | 4,789 | 292 | 6.1 % | 4,659 | 337 | 7.2 % |
| Asia/Pacific, Middle East and Africa | | | | | | |
| China(a) | 6,219 | 939 | 15.1 % | 6,009 | 919 | 15.3 % |
| Other | 5,007 | 199 | 4.0 % | 5,208 | 204 | 3.9 % |
| Total Asia/Pacific, Middle East and Africa | 11,226 | 1,138 | 10.1 % | 11,217 | 1,123 | 10.0 % |
| South America | | | | | | |
| Brazil | 674 | 112 | 16.6 % | 813 | 137 | 16.8 % |
| Other | 398 | 67 | 17.0 % | 480 | 74 | 15.5 % |
| Total South America | 1,072 | 179 | 16.7 % | 1,293 | 211 | 16.3 % |
| Total Worldwide | 21,896 | 2,399 | 11.0 % | 21,687 | 2,416 | 11.1 % |
| United States | | | | | | |
| Cars | 1,796 | 220 | 12.2 % | 1,781 | 265 | 14.9 % |
| Trucks | 1,135 | 269 | 23.7 % | 1,014 | 207 | 20.4 % |
| Crossovers | 1,109 | 195 | 17.6 % | 1,021 | 178 | 17.4 % |
| Total United States | 4,040 | 684 | 16.9 % | 3,816 | 650 | 17.0 % |

(a) End user data is not readily available for the industry; therefore, wholesale volumes were used for Industry, GM and GM % of Industry.

The vehicle sales at our Automotive China JVs presented in the following table are included in our retail vehicle sales (vehicles in thousands):

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| SAIC General Motors Sales Co., Ltd. | 418 | 422 |

| | | |
|---|---|---|
| SAIC-GM-Wuling Automobile Co., Ltd. and FAW-GM Light Duty Commercial Vehicle Co., Ltd. | 521 | 497 |

In the three months ended March 31, 2015 we estimate we had the largest market share, based upon retail vehicle sales, in North America and South America, the number six market share in Europe and the number three market share in the Asia/Pacific, Middle East and Africa region.

Automotive Financing - GM Financial Summary and Outlook

28

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM Financial is currently seeking to expand its prime lending programs in North America and anticipates that prime lending will become an increasing percentage of the consumer portfolio balance over time. We believe that offering a comprehensive suite of financing products will generate incremental sales of our vehicles, drive incremental GM Financial earnings and help support our sales throughout economic cycles. GM Financial completed the acquisitions of Ally Financial's automotive finance and financial services businesses in Europe and Latin America during 2013. On January 2, 2015 GM Financial completed its acquisition of Ally Financial's 40% equity interest in SAIC-GMAC in China for $1.0 billion. Also on January 2, 2015 GM Financial sold a 5% equity interest in SAIC-GMAC to SAICFC, a current shareholder of SAIC-GMAC, for proceeds of $125 million. As a result of these transactions GM indirectly owns 45% of SAIC-GMAC.

In February 2015 GM Financial became our exclusive U.S. lease provider for Buick-GMC dealers. Our exclusive leasing arrangements with GM Financial extended to Cadillac dealers in March 2015 and to Chevrolet dealers in April 2015.

In the year ending December 31, 2015 we expect income before income taxes-adjusted to remain consistent with 2014 because our near-term financial results will be impacted by additional provisions on loan losses and interest expense resulting from the growth of the business.

Consolidated Results

Total Net Sales and Revenue

| | Three Months Ended | | | | Variance Due To | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Favorable/ (Unfavorable) | % | Volume | Mix | Price | Other |
| | (Dollars in millions) | | | | (Dollars in billions) | | | |
| GMNA | $24,676 | $24,404 | $ 272 | 1.1 % | $0.6 | $0.5 | $(0.6) | $(0.3) |
| GME | 4,449 | 5,620 | (1,171) | (20.8)% | $(0.4) | $(0.1) | $0.2 | $(0.9) |
| GMIO | 3,112 | 3,230 | (118) | (3.7)% | $(0.3) | $0.3 | $0.1 | $(0.3) |
| GMSA | 2,092 | 3,025 | (933) | (30.8)% | $(0.8) | $0.1 | $0.2 | $(0.6) |
| Corporate | 35 | 36 | (1) | (2.8)% | | | | $— |
| Automotive | 34,364 | 36,315 | (1,951) | (5.4)% | $(0.8) | $0.8 | $— | $(1.9) |
| GM Financial | 1,348 | 1,093 | 255 | 23.3 % | | | | $0.3 |
| Total net sales and revenue | $35,712 | $37,408 | $ (1,696) | (4.5)% | $(0.8) | $0.8 | $— | $(1.7) |

Refer to the regional sections of the MD&A for additional information.

Automotive Cost of Sales and Inventories

| | Three Months Ended | | | | Variance Due To | | |
|---|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Favorable/ (Unfavorable) | % | Volume | Mix | Other |
| | (Dollars in millions) | | | | (Dollars in billions) | | |
| GMNA | $20,896 | $22,187 | $ 1,291 | 5.8 % | $(0.4) | $— | $1.7 |
| GME | 4,455 | 5,366 | 911 | 17.0 % | $0.3 | $— | $0.6 |
| GMIO | 3,095 | 3,182 | 87 | 2.7 % | $0.2 | $(0.2) | $— |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| GMSA | 2,073 | 3,389 | 1,316 | 38.8 | % | $0.6 | $(0.1) | $0.8 |
| Corporate and eliminations | 155 | 3 | (152) | n.m. | | | | $(0.2) |
| Total automotive cost of sales | $30,674 | $34,127 | $ 3,453 | 10.1 | % | $0.8 | $(0.2) | $2.9 |

_____

n.m. = not meaningful

Refer to the regional sections of the MD&A for additional information on volume and mix.

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the three months ended March 31, 2015 favorable Other was due primarily to: (1) favorable net foreign currency effect of $1.7 billion due primarily to the weakening of the Brazilian Real, Euro, British Pound, Canadian Dollar and Mexican Peso against the U.S. Dollar and the Venezuela Bolivar Fuerte (BsF) devaluation in 2014; (2) a decrease in recall campaign and courtesy transportation charges of $1.2 billion; (3) decreased material and freight costs of $0.2 billion; and (4) separation charges related to the Bochum plant closing in GME of $0.2 billion in 2014; partially offset by (5) costs related to the change in our business model in Russia of $0.3 billion.

| | Inventories | | | Days on Hand | | |
|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Increase/ (Decrease) | March 31, 2015 | March 31, 2014 | Increase/ (Decrease) |
| | (Dollars in Millions) | | | | | |
| GMNA | $7,111 | $6,198 | $913 | 31 | 25 | 6 |
| GME | 3,184 | 3,849 | (665) | 64 | 65 | (1) |
| GMIO | 2,208 | 2,987 | (779) | 64 | 84 | (20) |
| GMSA | 1,548 | 1,803 | (255) | 67 | 48 | 19 |
| Total | $14,051 | $14,837 | $(786) | 41 | 39 | 2 |

Days on hand is calculated as Inventories divided by Automotive cost of sales multiplied by 90.

Other
(Dollars in Millions)

| | Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Favorable/ (Unfavorable) | % |
| Automotive selling, general and administrative expense | $3,117 | $2,941 | $ (176) | (6.0)% |
| Interest income and other non-operating income, net | $241 | $89 | $ 152 | 170.8 % |

In the three months ended March 31, 2015 Automotive selling, general and administrative expense increased due primarily to: (1) expense related to the ignition switch recall compensation program of $0.2 billion; and (2) costs related to the change in our business model in Russia of $0.1 billion.

In the three months ended March 31, 2015 Interest income and other non-operating income, net increased due primarily to favorable foreign currency effect related to intercompany foreign currency denominated loans.

GM North America

| | Three Months Ended | | | | Variance Due To | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Favorable / (Unfavorable) | % | Volume | Mix | Price | Other |
| | (Dollars in millions) | | | | (Dollars in billions) | | | |
| Total net sales and revenue | $24,676 | $24,404 | $ 272 | 1.1 % | $0.6 | $0.5 | $(0.6) | $(0.3) |
| EBIT-adjusted | $2,182 | $557 | $ 1,625 | 291.7 % | $0.2 | $0.5 | $(0.6) | $1.5 |
| | (Vehicles in thousands) | | | | | | | |
| Wholesale vehicle sales | 829 | 807 | 22 | 2.7 % | | | | |

GMNA Total Net Sales and Revenue

In the three months ended March 31, 2015 Total net sales and revenue increased due primarily to: (1) increased wholesale volumes due to full-size SUVs, Chevrolet Colorado, Impala and Trax; partially offset by decreases in Cadillac ATS and CTS, Buick Lacrosse and Chevrolet Malibu; (2) favorable mix due to full-size SUVs; partially offset by the Chevrolet Impala; partially offset by (3) unfavorable pricing primarily related to carryover vehicles and (4) unfavorable Other of $0.3 billion due to unfavorable foreign currency effect related primarily to the weakening of the Canadian Dollar and Mexican Peso against the U.S. Dollar.

GMNA EBIT-Adjusted

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the three months ended March 31, 2015 EBIT-adjusted increased due primarily to: (1) favorable mix due to full-size SUVs; partially offset by the Chevrolet Impala; (2) increased wholesale volumes due to full-size SUVs, Chevrolet Colorado, Impala, and Trax; partially offset by decreases in the Cadillac ATS and CTS, Buick Lacrosse and Chevrolet Malibu; (3) favorable Other of $1.5 billion due primarily to a decrease in recall-related charges of $1.3 billion and decreased material and freight costs of $0.2 billion; partially offset by (4) unfavorable pricing primarily related to carryover vehicles.

Recall Campaigns

In the year ended December 31, 2014 we experienced a significant increase in the number of vehicles subject to recall in North America resulting in incremental charges for the estimated costs of parts and labor to repair these vehicles and courtesy transportation for certain recalls. There were approximately 36 million vehicles subject to recalls announced in the year ended December 31, 2014. This included approximately 10 million vehicles subject to multiple recalls and reflects the results of our ongoing comprehensive safety review, additional engineering analysis and our overall commitment to customer satisfaction. We expect to complete repairs on 75% of the vehicles under these recalls by the end of 2015.

The following table summarizes the $1.3 billion in charges recorded for the 7 million vehicles subject to recalls announced in the three months ended March 31, 2014 (vehicles in millions and dollars in billions):

| Repair Issue | Vehicle Makes (Model Years) | Vehicles | Estimated Cost |
|---|---|---|---|
| Ignition switch and ignition cylinder, including courtesy transportation | Certain Chevrolet, Pontiac & Saturn (2003-2011) | 2.6 | $0.7 |
| Electronic power steering | Certain Chevrolet, Pontiac & Saturn (2003-2010) | 1.9 | 0.3 |
| Side mounted airbag connector | Certain Chevrolet, Buick, GMC & Saturn (2008-2013) | 1.3 | 0.2 |
| Various | Various | 1.2 | 0.1 |
| | | 7.0 | $1.3 |

Based on the per vehicle part and labor cost, number of vehicles impacted and the expected number of vehicles to be repaired we believe the amounts recorded are adequate to cover the costs of these recall campaigns.

We are actively engaging customers and servicing vehicles affected by the ignition switch recalls announced in the three months ended March 31, 2014. We notified affected customers to schedule an appointment with their dealers as replacement parts are available. We began repairing vehicles in early April 2014 using parts that have undergone end-of-line quality inspection for performance of six critical operating parameters. We have produced sufficient parts to have the ability to repair all vehicles impacted by the ignition switch and ignition cylinder recalls. Through April 21, 2015 we had repaired approximately 63% of the 2.6 million vehicles initially subject to recall.

The following table summarizes the activity for customer satisfaction campaigns, safety recalls, non-compliance recalls and special coverage in GMNA, including courtesy transportation (dollars in millions):

| | 2015 | 2014 |
|---|---|---|
| Balance at January 1 | $2,729 | $761 |

| | | |
|---|---|---|
| Additions | 137 | 1,333 |
| Payments | (401) | (110) |
| Adjustments to prior periods | 73 | (19) |
| Balance at March 31 | $2,538 | $1,965 |

GM Europe

31

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

| | Three Months Ended | | | | Variance Due To | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Favorable / (Unfavorable) | % | Volume | Mix | Price | Other |
| | (Dollars in millions) | | | | (Dollars in billions) | | | |
| Total net sales and revenue | $4,449 | $5,620 | $ (1,171) | (20.8)% | $(0.4) | $(0.1) | $0.2 | $(0.9) |
| EBIT (loss)-adjusted | $(239) | $(284) | $ 45 | 15.8 % | $(0.1) | $— | $0.2 | $— |
| | (Vehicles in thousands) | | | | | | | |
| Wholesale vehicle sales | 268 | 291 | (23) | (7.9)% | | | | |

GME Total Net Sales and Revenue

In the three months ended March 31, 2015 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes associated with decreases across the Russian portfolio and lower demand for the Zafira across the region; partially offset by higher demand primarily for the Corsa, Mokka and Vivaro across the region; (2) unfavorable mix due to increased sales of lower priced vehicles primarily the Corsa; and (3) unfavorable Other of $0.9 billion due primarily to net foreign currency effect due to weakening of the Euro and British Pound against the U.S. Dollar; partially offset by (4) favorable pricing primarily related to the recently launched next generation Corsa and Vivaro.

GME EBIT (Loss)-Adjusted

In the three months ended March 31, 2015 EBIT (loss)-adjusted decreased due primarily to: (1) favorable pricing related to the recently launched next generation Corsa and Vivaro; and (2) flat Other due primarily to $0.2 billion of restructuring related charges in 2014, partially offset by $0.1 billion due to unfavorable material costs primarily related to the next generation Corsa and Vivaro; partially offset by (3) decreased wholesale volumes primarily in Russia.

GM International Operations

Focus on Chinese Market

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

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

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Wholesale vehicles including vehicles exported to markets outside of China | 955 | 934 |
| Total net sales and revenue | $10,972 | $11,107 |
| Net income | $1,086 | $1,239 |

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Cash and cash equivalents | $6,807 | $6,176 |
| Debt | $158 | $151 |

GMIO Total Net Sales and Revenue and EBIT-Adjusted

32

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

| | Three Months Ended | | | | Variance Due To | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Favorable / (Unfavorable) | % | Volume | Mix | Price | Other |
| | (Dollars in millions) | | | | (Dollars in billions) | | | |
| Total net sales and revenue | $3,112 | $3,230 | $ (118) | (3.7)% | $(0.3) | $0.3 | $0.1 | $(0.3) |
| EBIT-adjusted | $371 | $252 | $ 119 | 47.2 % | $— | $0.1 | $0.1 | $(0.1) |
| | (Vehicles in thousands) | | | | | | | |
| Wholesale vehicle sales | 144 | 162 | (18) | (11.1)% | | | | |

GMIO Total Net Sales and Revenue

The vehicle sales of our Automotive China JVs are not reflected in Total net sales and revenue. The results of our joint ventures are recorded in Equity income.

In the three months ended March 31, 2015 Total net sales and revenue decreased due primarily to: (1) decreased net wholesale volumes related primarily to the withdrawal of the Chevrolet brand from Europe; decreased sales of Chevrolet vehicles in the Korea domestic market; decreased sales of the Chevrolet Cruze and Colorado in Australia; decreased sales of the Spin and Colorado in Southeast Asia and decreased sales of the Spark, Sail and Enjoy in India; partially offset by increased wholesale volumes of full-size trucks as well as the Chevrolet Cruze and Impala in the Middle East; and (2) unfavorable Other of $0.3 billion due primarily to decreased sales of components, parts and accessories and unfavorable net foreign currency effect driven by the weakening of the Australian Dollar, South African Rand and Egyptian Pound against the U.S. Dollar; partially offset by (3) favorable mix primarily in the Middle East due to a higher proportion of higher priced full-size trucks and lower proportion of lower priced vehicles (such as the Chevrolet Malibu); and (4) favorable pricing due primarily to the sale of full-size trucks in the Middle East.

GMIO EBIT-Adjusted

In the three months ended March 31, 2015 EBIT-adjusted increased due primarily to: (1) favorable mix and pricing in the Middle East due primarily to sales of new full-size trucks; partially offset by (2) unfavorable Other of $0.1 billion due primarily to unfavorable net foreign currency effect driven by the weakening of the Australian Dollar, South African Rand and Egyptian Pound against the U.S. Dollar and lower Equity income, net of tax from our Automotive China JVs driven by plant downtime and launch related costs ahead of new product introductions, partially offset by a decrease in selling, general and advertising expense due primarily to the withdrawal of the Chevrolet brand in Europe.

GM South America

Venezuelan Operations

Our Venezuelan subsidiaries' functional currency is the U.S. Dollar because of the hyperinflationary status of the Venezuelan economy.

Effective March 31, 2014 we changed the exchange rate for remeasuring our Venezuelan subsidiaries’ non-U.S. Dollar denominated monetary assets and liabilities from the Venezuela official exchange rate to the rate determined by an auction process conducted by Venezuela’s SICAD, which was BsF 10.7 to $1.00. The devaluation resulted in a charge

of $0.4 billion recorded in Automotive cost of sales in the three months ended March 31, 2014 that was treated as an adjustment for EBIT-adjusted reporting purposes. In August 2014 the Venezuelan government announced the SICAD rate as the official rate for the automotive industry going forward. At March 31, 2015 the SICAD exchange rate was BsF 12.0 to $1.00. Based on our March 31, 2015 non-U.S. Dollar denominated net monetary assets a charge of less than $0.1 billion would result for every 10% devaluation of the BsF from the SICAD exchange rate of BsF 12.0 to $1.00 in the period of devaluation. Venezuela's Sistema Marginal de Divisas (SIMADI) is a third currency exchange mechanism announced by Venezuela government in 2015. It is an open system of supply and demand expected to be limited to a small percentage of total U.S. Dollar transactions using official mechanisms. We have not transacted in the SIMADI mechanism in the three months ended March 31, 2015. At March 31, 2015 the SIMADI implied exchange rate was Bsf 192.95 to $1.00.

The Venezuelan government has foreign exchange control regulations that make it difficult to convert BsF to U.S. Dollar and affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations and to pay dividends. The total amounts pending

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

government approval for settlement in U.S. Dollar at March 31, 2015 and December 31, 2014 were BsF 4.0 billion (equivalent to $0.5 billion) and BsF 3.5 billion (equivalent to $0.5 billion). These amounts include dividend requests in the amount of BsF 0.7 billion (equivalent to $0.1 billion) that have been pending from 2007. At March 31, 2015 we continued to consolidate our Venezuelan subsidiaries because recent developments, including participation in SICAD auctions for new orders in November 2014, settlements of preexisting debt in October and November 2014 and execution of a labor agreement in November 2014 resulted in vehicle production in the three months ended March 31, 2015. Our Venezuelan subsidiaries' net assets were $0.5 billion at March 31, 2015, including non-U.S. Dollar denominated net monetary assets of $0.6 billion. At March 31, 2015 other consolidated entities had unsecured receivables from our Venezuelan subsidiaries of $0.2 billion. Absent an ability to obtain U.S. Dollars in the near term, which we believe is unlikely, current vehicle production will likely cease in July 2015.

In January 2014 the Venezuela government enacted a law limiting sale prices and establishing a maximum margin of 30% above a defined cost structure. Because the Venezuela government is still determining the application of certain aspects of this law it is unclear based on the current regulations how this new law may affect our current vehicle and parts and accessories sale pricing structure. These regulations, when considered with the foreign currency exchange regulations, high inflation, governmental policies negatively impacting our ability to implement labor force reductions and obtain vehicle imports licenses, the recent downward trend in the price of oil and other circumstances in Venezuela, may impact our ability to fully benefit from and maintain our controlling financial interest in our Venezuelan subsidiaries. The financial impact on our operations in Venezuela of these events and associated ongoing restrictions are uncertain. If a determination is made in the future that we no longer maintain a controlling financial interest, we may incur a charge, based on current exchange rates, of up to $0.8 billion.

GMSA Total Net Sales and Revenue and EBIT (Loss)-Adjusted

| | Three Months Ended | | | | Variance Due To | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Favorable / (Unfavorable) | % | Volume | Mix | Price | Other |
| | (Dollars in millions) | | | | (Dollars in billions) | | | |
| Total net sales and revenue | $2,092 | $3,025 | $ (933) | (30.8)% | $(0.8) | $0.1 | $0.2 | $(0.6) |
| EBIT (loss)-adjusted | $(214) | $(156) | $ (58) | (37.2)% | $(0.1) | $— | $0.2 | $(0.2) |
| | (Vehicles in thousands) | | | | | | | |
| Wholesale vehicle sales | 150 | 208 | (58) | (27.9)% | | | | |

GMSA Total Net Sales and Revenue

In the three months ended March 31, 2015 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes in Brazil associated with lower demand of the Chevrolet Onix, Prisma, S-10 and Celta and decreases across the portfolios in Chile and Argentina caused by difficult economic conditions; and (2) unfavorable Other of $0.6 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against all currencies across the region; partially offset by (3) favorable pricing due primarily to high inflation in Venezuela and Argentina; and (4) favorable product and country mix.

GMSA EBIT (Loss)-Adjusted

In the three months ended March 31, 2015 EBIT (loss)-adjusted increased due primarily to: (1) decreased wholesale volumes in Brazil associated with lower demand of the Chevrolet Onix, Prisma, S-10 and Celta and decreases across

the portfolios in Chile and Argentina caused by difficult economic conditions; and (2) unfavorable Other of $0.2 billion due to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against all currencies across the region; partially offset by (3) favorable pricing primarily due to high inflation in Venezuela and Argentina.

GM Financial

34

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

| | Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | Increase/(Decrease) | % |
| | (Dollars in millions) | | | |
| Total revenue | $1,354 | $1,097 | $ 257 | 23.4 % |
| Provision for loan losses | $155 | $135 | $ 20 | 14.8 % |
| Income before income taxes-adjusted | $214 | $221 | $ (7) | (3.2)% |
| | (Dollars in billions) | | | |
| Average debt outstanding | $38.1 | $29.3 | $ 8.8 | 30.0 % |
| Effective rate of interest paid | 4.0 % | 4.4 % | (0.4)% | |

GM Financial Revenue

In the three months ended March 31, 2015 GM Financial revenue increased due primarily to increased leased vehicle income of $0.2 billion due to a larger lease portfolio.

GM Financial Income Before Income Taxes-Adjusted

In the three months ended March 31, 2015 Income before income taxes-adjusted remained flat due primarily to: (1) increased revenue of $0.3 billion; offset by (2) increased leased vehicle expenses of $0.2 billion due to a larger lease portfolio; and (3) increased interest expense of $0.1 billion due to an increase in average debt outstanding.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our revolving credit facilities will be sufficient to meet our liquidity needs. We expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. We also maintain access to the capital markets, which may provide an additional source of liquidity. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are focused on three objectives: (1) reinvest in our business; (2) maintain an investment-grade balance sheet; and (3) return cash to stockholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures as well as payments for engineering and product development activities; (2) payments associated with previously announced vehicle recalls, the ignition switch recall compensation program and any other recall-related contingencies; (3) payments to service debt and other long-term obligations, including contributions to non-U.S. pension plans and U.S. non-qualified plans; (4) payments for previously announced restructuring activities; (5) dividend payments on our common stock that are declared by our Board of Directors; and (6) payments to purchase shares of our common stock under programs authorized by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the “Risk Factors” section of our 2014 Form 10-K, some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans and compliance with certain covenants.

Recent Management Initiatives

We continue to monitor and evaluate opportunities to strengthen our competitive position over the long term while maintaining an investment-grade balance sheet. These actions may include opportunistic payments to reduce our long-term obligations as well as the possibility of acquisitions, dispositions, investments with joint venture partners, and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may negatively impact our liquidity in the short term.

In March 2015 management announced its plan to return all available free cash flow to stockholders while maintaining an investment-grade balance sheet. Management's capital allocation framework includes a combined cash and marketable securities balance target of $20 billion and plans to reinvest in the business at an average target ROIC rate of 20% or more. In connection with this plan we announced a program which authorized the initial purchase of $5 billion of our common stock to begin in March

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

2015 and conclude before the end of 2016. Also, in April 2015 we announced an increase of our quarterly common stock dividend to $0.36 per share effective in the second quarter of 2015.

Automotive

Available Liquidity

Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

There have been no significant changes in the management of our liquidity including the allocation of our available liquidity, the composition of our portfolio and our investment guidelines since December 31, 2014. Refer to the "Liquidity and Capital Resources" section of MD&A in our 2014 Form 10-K.

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity and to fund working capital needs at certain of our subsidiaries. The total size of our credit facilities was $12.6 billion at March 31, 2015 and December 31, 2014, which consisted principally of our two primary revolving credit facilities. We did not borrow against our primary facilities, but had amounts in use under the letter of credit sub-facility of $0.5 billion at March 31, 2015. GM Financial had access to the primary facilities but did not borrow against them.

The following table summarizes our automotive liquidity (dollars in billions):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Cash and cash equivalents | $13.7 | $16.0 |
| Marketable securities | 8.4 | 9.2 |
| Available liquidity | 22.1 | 25.2 |
| Available under credit facilities | 12.1 | 12.0 |
| Total automotive available liquidity | $34.2 | $37.2 |

The following table summarizes the changes in our automotive available liquidity (dollars in billions):

| | Three Months Ended March 31, 2015 |
|---|---|
| Capital expenditures | $(1.7) |
| Dividends paid | (0.5) |
| Effect of foreign currency | (0.5) |
| Payments to purchase common stock | (0.3) |
| Total change in automotive available liquidity | $(3.0) |

Cash Flow

The following tables summarize automotive cash flows from operating, investing and financing activities (dollars in billions):

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

| | Three Months Ended | | Change |
|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | |
| Operating Activities | | | |
| Net income | $0.8 | $0.1 | $0.7 |
| Depreciation, amortization and impairments | 1.4 | 1.4 | — |
| Pension and OPEB activities | (0.4) | (0.2) | (0.2) |
| Working capital | (0.5) | 0.4 | (0.9) |
| Equipment on operating leases | (1.2) | (1.2) | — |
| Accrued liabilities and other liabilities | — | 2.3 | (2.3) |
| Income taxes | 0.3 | (0.4) | 0.7 |
| Undistributed earnings of nonconsolidated affiliates and gains on investments | (0.5) | (0.6) | 0.1 |
| Other | 0.1 | 0.2 | (0.1) |
| Automotive cash flows from operating activities | $— | $2.0 | $(2.0) |

In the three months ended March 31, 2015 the change in Working capital was primarily related to one extra weekly payment cycle to suppliers during the quarter compared with the same quarter a year ago. The change in Accrued liabilities and other liabilities was due primarily to an increase in accruals related to announced recalls in the three months ended March 31, 2014.

| | Three Months Ended | | Change |
|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | |
| Investing Activities | | | |
| Capital expenditures | $(1.7) | $(1.8) | $0.1 |
| Liquidations of marketable securities, net | 0.7 | 0.2 | 0.5 |
| Other | 0.1 | 0.1 | — |
| Automotive cash flows from investing activities | $(0.9) | $(1.5) | $0.6 |

In the three months ended March 31, 2015 the change in Liquidations of marketable securities, net was due primarily to the rebalancing of our investment portfolio between marketable securities and cash and cash equivalents as part of liquidity management in the normal course of business.

| | Three Months Ended | | Change |
|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | |
| Financing Activities | | | |
| Dividends paid | $(0.5) | $(0.6) | $0.1 |
| Purchase of common stock | (0.3) | — | (0.3) |
| Other | (0.1) | — | (0.1) |
| Automotive cash flows from financing activities | $(0.9) | $(0.6) | $(0.3) |

In the three months ended March 31, 2015 the change in cash flows from financing activities was due primarily to the purchase of common stock as part of the common stock repurchase program.

Adjusted Free Cash Flow

The following table summarizes automotive adjusted free cash flow (dollars in billions):

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

| | Three Months Ended | |
|---|---|---|
| | March 31, 2015 | March 31, 2014 |
| Operating cash flow | $— | $2.0 |
| Less: capital expenditures | (1.7) | (1.8) |
| Adjusted free cash flow | $(1.7) | $0.2 |

Automotive Financing - GM Financial

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, leasing income, servicing fees, net distributions from secured debt, secured and unsecured debt borrowings and collections and recoveries on finance receivables. GM Financial's primary uses of cash are purchases of consumer finance receivables and leased vehicles, funding of commercial finance receivables, repayment of secured and unsecured debt, funding credit enhancement requirements for secured debt, operating expenses, interest costs and business acquisitions. GM Financial continues to monitor and evaluate opportunities to optimize its liquidity position and the mix of its debt.

Available Liquidity

The following table summarizes GM Financial's available liquidity (dollars in billions):

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Cash and cash equivalents | $2.1 | $3.0 |
| Borrowing capacity on unpledged eligible assets | 7.2 | 4.8 |
| Borrowing capacity on committed unsecured lines of credit | 0.6 | 0.5 |
| Available liquidity | $9.9 | $8.3 |

The increase in available liquidity was due primarily to the issuance of $2.3 billion of senior unsecured notes in 2015, partially offset by $1.0 billion used for the acquisition of the equity interest in SAIC-GMAC.

Cash Flow

The following table summarizes GM Financial cash flows from operating, investing and financing activities (dollars in billions):

| | Three Months Ended | | Change |
|---|---|---|---|
| | March 31, 2015 | March 31, 2014 | |
| Net cash provided by operating activities | $0.5 | $0.4 | $0.1 |
| Net cash used in investing activities | $(4.7) | $(1.7) | $(3.0) |
| Net cash provided by financing activities | $3.2 | $1.3 | $1.9 |

Operating Activities

In the three months ended March 31, 2015 Net cash provided by operating activities increased due primarily to an increase in leased vehicle income, partially offset by increased operating expenses and interest expense.

Investing Activities

In the three months ended March 31, 2015 Net cash used in investing activities increased due primarily to: (1) an increase in purchases of leased vehicles of $1.6 billion; (2) cash used for the acquisition of the equity interest in SAIC-GMAC of $1.0 billion; and (3) an increase in loan purchases, net of collections, of $0.6 billion; (4) partially offset by a decrease in net funding of commercial receivables of $0.2 billion.

Financing Activities

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the three months ended March 31, 2015 Net cash provided by financing activities increased due primarily to a net increase in borrowings of $1.9 billion.

Critical Accounting Estimates

The condensed 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates, actual results could differ from the original estimates requiring adjustments to these balances in future periods. The critical accounting estimates that affect the condensed consolidated financial statements and the judgments and assumptions used are consistent with those described in the MD&A section in our 2014 Form 10-K.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “appears,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “in “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “woul of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls and the cost and effect on our reputation and products;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European and consolidated international operations and the health of the European economy;

- The continued availability of both wholesale and retail financing from finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing;
- Our continued ability to develop captive financing capability through GM Financial;
- Overall strength and stability of the automotive industry, both in the U.S. and in global markets;

Table of Contents


- Changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations particularly laws, regulations and policies relating to vehicle safety including recalls, and including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation and government investigations including the potential imposition of damages, substantial fines, civil lawsuits and criminal penalties, interruptions of business, modification of business practices, equitable remedies and other sanctions against us in connection with various legal proceedings and investigations relating to our recent recalls;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or mortality or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our exposure to market risk since December 31, 2014. Refer to Item 7A of our 2014 Form 10-K.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act), is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and Executive Vice President and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at March 31, 2015. Based on this evaluation required by paragraph (b) of Rules 13a-15 or 15d-15,

our CEO and CFO concluded that our disclosure controls and procedures were effective as of March 31, 2015.

Changes in Internal Controls

We have commenced several initiatives to centralize and simplify our business processes and systems. These are long-term initiatives which we believe will enhance our internal controls over financial reporting due to increased automation and further integration of related processes. We will continue to monitor our internal controls over financial reporting throughout the transformation.

Table of Contents


There have not been any other changes in internal control over financial reporting during the three months ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

Item 1. Legal Proceedings

Refer to Note 10 to our condensed consolidated financial statements and the 2014 Form 10-K for information relating to legal proceedings.

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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 these risk factors. There have been no material changes to the Risk Factors disclosed in our 2014 Form 10-K.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities

The following table summarizes our purchases of common stock in the three months ended March 31, 2015:

| | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased Under Announced Programs | Approximate Dollar Value of Shares That May Yet be Purchased Under Announced Programs |
|---|---|---|---|---|
| January 1, 2015 through January 31, 2015 | 748,178 | $34.46 | N/A | N/A |
| February 1, 2015 through February 28, 2015 | 720,494 | $37.59 | N/A | N/A |
| March 1, 2015 through March 31, 2015 | 10,965,908 | $38.03 | 9,850,810 | $4.6 billion |
| Total | 12,434,580 | $37.79 | 9,850,810 | |

Shares purchased consist of (1) shares purchased under the common stock repurchase program announced in March 2015 to purchase up to $5 billion of our common stock; (2) shares retained by us for the payment of the exercise price upon the exercise of warrants; and (3) shares 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 compensation plans. Refer to Notes 21 and 23 to our consolidated financial statements in our 2014 Form 10-K for additional details on warrants issued and employee stock incentive plans.

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Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 6. Exhibits

| Exhibit Number | Exhibit Name | |
|---|---|---|
| 31.1 | Section 302 Certification of the Chief Executive Officer | Filed Herewith |
| 31.2 | Section 302 Certification of the Chief Financial Officer | Filed Herewith |
| 32 | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Furnished with this Report |
| 101.INS* | XBRL Instance Document | Furnished with this Report |
| 101.SCH* | XBRL Taxonomy Extension Schema Document | Furnished with this Report |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document | Furnished with this Report |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document | Furnished with this Report |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document | Furnished with this Report |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document | Furnished with this Report |

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*Submitted electronically with this Report.

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Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

SIGNATURE

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

GENERAL MOTORS COMPANY (Registrant)

By: /s/ THOMAS S. TIMKO
Thomas S. Timko, Vice President, Controller
and Chief Accounting Officer

Date: April 23, 2015