

General Motors Co  
Form 10-K  
February 06, 2014

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549-1004

Form 10-K

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

For the fiscal year ended December 31, 2013

OR

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

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

Commission file number 001-34960

GENERAL MOTORS COMPANY

(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE

27-0756180

(State or other jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

300 Renaissance Center, Detroit, Michigan

48265-3000

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code

(313) 556-5000

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

Title of Each Class

Name of Each Exchange on which Registered

Common Stock

New York Stock Exchange/Toronto Stock Exchange

Warrants (expiring December 31, 2015)

New York Stock Exchange

Warrants (expiring July 10, 2016)

New York Stock Exchange

Warrants (expiring July 10, 2019)

New York Stock Exchange

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

Do not check if smaller reporting company

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

The aggregate market value of the voting stock held by non-affiliates of the registrant (assuming only for purposes of this computation that directors and executive officers may be affiliates) was approximately \$46.1 billion on June 30, 2013.

As of January 30, 2014 the number of shares outstanding of common stock was 1,589,788,282 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

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

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

General Motors Company (sometimes referred to as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM”) was incorporated as a Delaware corporation in 2009 and on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale). General Motors Corporation is sometimes referred to in this Annual Report on Form 10-K (2013 Form 10-K), for the periods on or before July 9, 2009, as “Old GM,” as it is the predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2013 Form 10-K for the periods after July 10, 2009 as “MLC.” On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 1. Business

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

Automotive

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

Our total worldwide retail vehicle sales were 9.7 million, 9.3 million and 9.0 million in the years ended December 31, 2013, 2012 and 2011.

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

- Buick
- Cadillac
- Chevrolet
- GMC

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

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

At December 31, 2013 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, primarily in Asia that design, manufacture and market vehicles under the following brands:

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

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

Competitive Position

Information in this 2013 Form 10-K relating to our relative position in the global automotive industry is based upon the good faith estimates of management and includes all sales by joint ventures on a total vehicle basis, not based on the percentage of ownership in the joint venture. Market share information in this 2013 Form 10-K is based on retail vehicle sales volume. Retail vehicle sales data, which represents estimated sales to the end customer, 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. Worldwide market share and vehicle sales data excludes the markets of Cuba, Iran, North Korea, Sudan and Syria.

Retail sales volume includes vehicles produced by certain joint ventures. The joint venture agreements with SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture sales in China.

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

Wholesale and Retail Vehicle Sales

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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 nonconsolidated joint ventures. The following table summarizes total wholesale vehicle sales of new vehicles by automotive segment (vehicles in thousands):

	Years ended December 31,		
	2013	2012	2011
GMNA	3,276	3,207	3,053
GME	1,047	1,079	1,240
GMIO	1,037	1,109	1,039
GMSA	1,053	1,050	1,090
Worldwide	6,413	6,445	6,422

In the year ended December 31, 2013 71.3% of our retail vehicle sales volume was generated outside the U.S. The following table summarizes total industry retail sales volume, or estimated sales volume where retail sales volume is not available, of new vehicles of domestic and foreign makes and the related competitive position by geographic region (vehicles in thousands):

	Vehicle Sales(a)(b)(c)											
	Years Ended December 31,						2011					
	2013		GM as a % of Industry		2012		GM as a % of Industry		2011		GM as a % of Industry	
	Industry	GM			Industry	GM			Industry	GM		
North America												
United States	15,891	2,786	17.5 %		14,794	2,596	17.5 %		13,048	2,504	19.2 %	
Other	3,202	448	14.0 %		3,053	424	13.9 %		2,753	421	15.3 %	
Total North America	19,092	3,234	16.9 %		17,847	3,019	16.9 %		15,801	2,925	18.5 %	
Europe												
United Kingdom	2,597	301	11.6 %		2,335	272	11.7 %		2,249	281	12.5 %	
Germany	3,258	242	7.4 %		3,394	254	7.5 %		3,508	299	8.5 %	
Russia	2,843	258	9.1 %		3,006	288	9.6 %		2,725	243	8.9 %	
Other	10,074	756	7.5 %		10,248	796	7.8 %		11,613	928	8.0 %	
Total Europe	18,772	1,557	8.3 %		18,983	1,611	8.5 %		20,096	1,751	8.7 %	
Asia/Pacific, Middle East and Africa												
China(d)	22,119	3,160	14.3 %		19,394	2,836	14.6 %		18,697	2,547	13.6 %	
Other(d)	18,676	726	3.9 %		18,834	780	4.1 %		15,944	735	4.6 %	
Total Asia/Pacific, Middle East and Africa	40,795	3,886	9.5 %		38,229	3,616	9.5 %		34,641	3,282	9.5 %	
South America												
Brazil	3,767	650	17.3 %		3,802	643	16.9 %		3,633	632	17.4 %	
Other	2,169	388	17.9 %		2,047	408	19.9 %		2,054	434	21.1 %	
Total South America	5,936	1,037	17.5 %		5,849	1,051	18.0 %		5,687	1,066	18.8 %	
Total Worldwide(e)	84,595	9,715	11.5 %		80,908	9,297	11.5 %		76,225	9,024	11.8 %	
United States												
Cars	7,591	1,067	14.1 %		7,214	1,031	14.3 %		6,060	952	15.7 %	
Trucks	4,244	998	23.5 %		3,946	933	23.7 %		3,681	929	25.2 %	
Crossovers	4,056	721	17.8 %		3,634	631	17.4 %		3,306	622	18.8 %	



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Total U.S.	15,891	2,786	17.5	%	14,794	2,596	17.5	%	13,048	2,504	19.2	%
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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

North America vehicle sales primarily represent sales to the end customer. Europe, Asia/Pacific, Middle East and Africa and South America vehicle sales primarily represent estimated sales to the end customer. In countries where end customer data is not readily available other data sources, such as wholesale or forecast volumes, are used to estimate vehicle sales.

Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies; however, revenue is not recognized at the date of initial delivery due to guaranteed repurchase obligations.

Vehicle sales data may include rounding differences.

Includes the vehicle sales for joint ventures in the table below. Joint venture vehicle sales for General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively GM India) are included in the table below through August 31, 2012. Refer to Notes 3 and 8 to our consolidated financial statements for further detail on our joint ventures and the acquisition of GM India.

	Years Ended December 31,		
	2013	2012	2011
Joint venture sales in China			
Shanghai General Motors Co., Ltd (SGM)	—	—	1,200
SAIC General Motors Sales Co., Ltd.	1,512	1,331	—
SGMW and FAW-GM	1,644	1,501	1,342
Joint venture sales in India			
GM India		64	111

Our vehicle sales volumes in the year ended December 31, 2013 reflect continued recovery in the U.S. despite an intense competitive environment. Growth was largely attributed to new portfolio entries. Our vehicle sales volumes in the year ended December 31, 2012 reflect an intensified competitive environment in the U.S., including aggressive competitor pricing and media spending, as well as key competitor new product launches. Our vehicle sales volumes in the year ended December 31, 2011 reflect the moderate improvement in certain facets of the U.S. economy which contributed to a slow but steady improvement in U.S. industry vehicle sales, as well as increased volumes in Russia and China.

## Fleet Sales and Deliveries

The sales and market share data provided previously includes both retail and fleet vehicle sales. Certain fleet transactions, particularly daily rental, are generally less profitable than retail sales. A significant portion of the sales to daily rental car companies are recorded as operating leases under U.S. GAAP with no recognition of revenue at the date of initial delivery due to guaranteed repurchase obligations. The following table summarizes estimated fleet sales and those sales as a percentage of total vehicle sales. Fleet sales data may include rounding differences (vehicles in thousands):

	Years Ended December 31,				
	2013	2012	2011		
GMNA	758	775	740		
GME	490	500	564		
GMIO	415	408	378		
GMSA	184	190	246		
Total fleet sales	1,847	1,873	1,927		
Fleet sales as a percentage of total vehicle sales	19.0	% 20.1	% 21.4	%	

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

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,			
	2013	2012	2011	
Daily rental sales	439	431	417	
Other fleet sales	217	242	222	
Total fleet sales	656	673	639	
Fleet sales as a percentage of total vehicle sales				
Cars	26.4	% 30.6	% 31.3	%
Trucks	24.2	% 25.3	% 24.2	%
Crossovers	18.6	% 19.2	% 18.8	%
Total vehicles	23.6	% 25.9	% 25.5	%

## Product Pricing

Several methods are used to promote our products, including the use of dealer, retail and fleet incentives such as customer rebates and finance rate support. The level of incentives is dependent in large part upon the level of competition in the markets in which we operate and the level of demand for our products. In 2014 we will continue to price vehicles competitively, including offering strategic and tactical incentives as required. We believe this strategy, coupled with sound inventory management, will continue to strengthen the reputation of our brands and result in competitive prices.

## Cyclical Nature of Business

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

## Relationship with Dealers

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

The following table summarizes the number of authorized dealerships:

	December 31, 2013	December 31, 2012	December 31, 2011
GMNA	4,946	5,015	5,068
GME	7,087	7,574	7,745
GMIO	7,472	6,915	6,901
GMSA	1,201	1,250	1,162
Total worldwide	20,706	20,754	20,876

We and our joint ventures enter into a contract with each authorized dealer agreeing to sell to the dealer one or more specified product lines at wholesale prices and granting the dealer the right to sell those vehicles to retail customers from an approved location. Our dealers often offer more than one GM brand at a single dealership in a number of our markets in order to enhance dealer profitability. Authorized dealers offer parts, accessories, service and repairs for GM vehicles in the product lines that they sell using GM parts and accessories. Our dealers are authorized to service GM vehicles under our limited warranty program and those repairs are to be made only with GM parts. Our dealers generally provide their customers access to credit or lease financing, vehicle insurance and extended service contracts

provided by GM Financial, Ally Financial, Inc. (Ally Financial) and other financial institutions.

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

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Research, Product Development and Intellectual Property

Costs for research, manufacturing engineering, product engineering, and design and development activities relate primarily to developing new products or services or improving existing products or services including activities related to vehicle emissions control, improved fuel economy and the safety of drivers and passengers. In the years ended December 31, 2013, 2012 and 2011 research and development expenses were \$7.2 billion, \$7.4 billion and \$8.1 billion.

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

Fuel Efficiency

We are fully committed to improving fuel efficiency and meeting regulatory standards through a combination of strategies including: (1) extensive technology improvements to conventional powertrains; (2) increased use of smaller displacement engines and improved and advanced automatic transmissions; and (3) vehicle improvements including increased use of lighter, front-wheel drive architectures.

Alternative Fuel Vehicles

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

We currently offer 16 FlexFuel vehicles in the U.S. for the 2014 model year plus an additional four models to fleet and commercial customers capable of operating on gasoline, E85 ethanol or any combination of the two. We continue to study the future role FlexFuel vehicles may play in the U.S. in light of recent regulatory developments and the rate of development of the refueling infrastructure. In 2013 94% of vehicle sales in Brazil were FlexFuel vehicles capable of running on 100% ethanol blends. We also market FlexFuel vehicles in Australia, Thailand and other global markets where biofuels have emerged in the marketplace.

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

We produce CNG bi-fuel capable vehicles in Europe such as the Opel Zafira, and in the U.S., the Chevrolet Express and GMC Savana fullsize vans are offered to fleet and commercial customers, that are capable of switching between gasoline or diesel and CNG. We also produce the CNG bi-fuel Chevrolet Silverado and GMC Sierra 2500 HD pick-up trucks that are available to both commercial and retail customers. In addition we recently announced the offering of a CNG bi-fuel Chevrolet Impala full-size sedan to both fleet and retail markets starting in the summer of 2014. We offer LPG capable vehicles globally in select markets reflecting the infrastructure, regulatory focus and natural resource availability of the markets in which they are sold.

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

We are investing significantly in multiple technologies offering increasing levels of vehicle electrification including eAssist, plug-in hybrid, extended range and battery electric vehicles. We currently offer 7 models in the U.S. featuring some form of electrification and continue to develop plug-in hybrid electric vehicle technology (PHEV) and extended range electric vehicles such as the Chevrolet Volt, Opel Ampera and Cadillac ELR. In 2013 we introduced the Chevrolet Spark EV and plan to invest heavily to support the expansion of our electric vehicle offerings and in-house development and manufacturing capabilities of advanced batteries, electric motors and power control systems.

#### Hydrogen Fuel Cell Technology

As part of our long-term strategy to reduce petroleum consumption and greenhouse gas emissions we are committed to continuing development of our hydrogen fuel cell technology. Our Chevrolet Equinox fuel cell electric vehicle demonstration programs, such as Project Driveway, have accumulated nearly 3 million miles of real-world driving by consumers, celebrities, business partners and government agencies. These programs are helping us identify consumer and infrastructure needs to understand the business case for potential production of this technology.

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GM and Honda entered into a long-term agreement to co-develop a next-generation fuel cell system and hydrogen storage technologies, aiming for the 2020 timeframe. The collaboration expects to succeed by sharing expertise, economies of scale and common sourcing strategies and builds upon GM's and Honda's strengths as leaders in hydrogen fuel cell technology.

OnStar

OnStar, LLC (OnStar) is a wholly-owned subsidiary of GM serving more than 6.5 million subscribers in the U.S., Canada and Mexico and, through a joint venture, China. OnStar is a provider of connected safety, security and mobility solutions and advanced information technology and is available on the majority of our 2014 model year vehicles. OnStar's key services include automatic crash response, stolen vehicle assistance, remote door unlock, turn-by-turn navigation, vehicle diagnostics and hands-free calling.

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

Product Development

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

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

Intellectual Property

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

Raw Materials, Services and Supplies

We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers for use in the manufacture of our products. The raw materials are primarily composed of steel, aluminum, resins, copper, lead and platinum group metals. We have not experienced any significant shortages of raw materials and normally do not carry substantial inventories of such raw materials in excess of levels reasonably required to meet our production requirements.



In some instances, we purchase systems, components, parts and supplies from a single source and may be at an increased risk for supply disruptions. The inability or unwillingness of these sources to supply us with parts and supplies could have a material adverse effect on our production capacity. Purchases from our two largest suppliers have ranged from approximately 10% to 11% of our total purchases from 2011 to 2013.

#### Environmental and Regulatory Matters

##### Automotive Emissions Control

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

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meet lower emission standards and new diagnostics are required and will continue to become even more stringent throughout the world.

North America

The U.S. federal government imposes stringent emission control requirements on vehicles sold in the U.S. and additional requirements are imposed by various state governments. Canada's federal government is aligned with the U.S. federal requirements. These requirements include vehicle exhaust emission standards, vehicle evaporative emission standards and OBD system requirements. Each model year we must obtain certification for each test group that our vehicles will meet emission requirements from the U.S. Environmental Protection Agency (EPA) before we can sell vehicles in the U.S. and Canada and from the California Air Resources Board (CARB) before we can sell vehicles in California and other states that have adopted the California emissions requirements. Fleet-wide emissions compliance must also be achieved based on a sales-weighted fleet average.

While we believe all our products are currently in compliance with EPA and CARB regulatory requirements, both agencies have ongoing "in-use" evaluations of compliance for products from all manufacturers. It is possible that we or either agency could identify potential non-compliance, which could lead to some type of field action to remedy the issue. Testing is conducted at various times. This includes pre-production testing of vehicles as part of certification and in-use testing of customer vehicles at specified mileages.

CARB has adopted its next round of emission requirements which phase in with the 2015 model year. These requirements include more stringent exhaust emission and evaporative emission standards. The EPA has proposed similar requirements which if adopted are expected to phase in with the 2017 model year. These new requirements will also increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance.

California law requires that 12% of 2014 model year cars and certain light-duty trucks sold in the state must be zero emission vehicles (ZEV) such as electric vehicles or hydrogen fuel cell vehicles. The requirement is based on a complex system of credits that vary in magnitude by vehicle type and model year. Manufacturers have the option of meeting a portion of this requirement with partial ZEV credit for vehicles that meet very stringent exhaust and evaporative emission standards and have extended emission system warranties. Additional portions of the ZEV requirement can be met with vehicles that meet these partial ZEV requirements and incorporate advanced technology such as hybrid and plug-in hybrid electric propulsion systems meeting specified criteria. We are complying with the ZEV requirements using a variety of means including producing vehicles certified to the ZEV and partial ZEV requirements. CARB has adopted 2018 model year and later requirements for increasing volumes of ZEVs to achieve greenhouse gas as well as criteria pollutant emission reductions to help achieve the state's long-term greenhouse gas reduction goals. A portion of this requirement may be met with PHEVs that meet specified criteria including an extended emission system warranty.

The Clean Air Act permits states that have areas with air quality compliance issues to adopt the California car and light-duty truck emission standards in lieu of the federal requirements. Thirteen states as well as the Province of Quebec currently have these standards in effect, and 10 of these 13 states have adopted the ZEV requirements. Additional states could also adopt the California standards in the future.

Vehicles equipped with heavy-duty engines are also subject to stringent emission requirements. We also certify heavy-duty engines for installation in other manufacturers' products. We are using a system of credits to help meet these stringent standards as permitted by EPA and CARB regulations. We are meeting OBD requirements for

heavy-duty vehicles with certain hardware and software changes.

In Mexico we must obtain model year certification from the Federal Environmental Protection Agency for each engine family and vehicle line before we can sell vehicles. Stringent light-duty vehicle emission requirements applicable to vehicles sold in Mexico are enforced starting 18 months after nationwide availability of Ultra Low Sulfur Fuels. Emission requirements applicable to medium- and heavy-duty trucks powered by gasoline, CNG or LPG were upgraded in 2012. Stringent emission requirements applicable to medium- and heavy-duty trucks powered by diesel have been proposed but no enforcement date has been established yet.

Regulations to control the emissions of greenhouse gases are discussed under “Automotive Fuel Economy” since we believe these regulations are effectively a form of a fuel economy requirement.

Europe

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Emissions are regulated by two different entities: the European Commission (EC) and the United Nations Economic Commission for Europe (UNECE). The EC imposes harmonized emission control requirements on vehicles sold in all 28 European Union (EU) Member States and other countries apply regulations under the framework of the UNECE. We must demonstrate that vehicles will meet emission requirements in witness tests and type approval from an approval authority before we can sell vehicles in the EU Member States. Type approval requires the manufacturer to provide a representative vehicle to the evaluating agency who then determines if the particular type of vehicle is fully compliant with the applicable regulations. The regulatory requirements include random testing of newly assembled vehicles and a manufacturer in-use surveillance program. EU and UNECE requirements are equivalent in terms of stringency and implementation.

A new level of exhaust emission standards for cars and light-duty trucks, Euro 5, was effective in 2011. Future European emission standards focus particularly on further reducing emissions from diesel vehicles. The Euro 6 emission levels will become effective in 2017. The new requirements will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines. To comply with Euro 6 standards we expect that we will need to implement technologies identical to those being developed to meet U.S. emission standards. These technologies will put additional cost pressures on the already challenging European market for small- and mid-size diesel vehicles. Gasoline engines are also affected by the new requirements. The measures for gasoline vehicles that require technology to reduce exhaust pollutant emissions will have adverse effects on vehicle fuel economy which drives additional technology cost to maintain fuel economy.

In the long-term, notwithstanding the already low vehicle emissions in Europe, the EC will continue devising regulatory requirements on the emission test cycle, real driving emission, low temperature testing, fuel evaporation and OBD.

International Operations

China has implemented Euro 4 standards with European OBD requirements nationwide for newly registered vehicles. Beijing currently requires many elements of Euro 5 standards for newly registered vehicles. Beijing, Shanghai and the Pearl River delta area are expected to require additional elements of Euro 5 standards in 2014. Nationwide implementation of Euro 5 is expected between 2015 and 2017. Beijing is considering the implementation of Euro 6 or EPA standards as early as 2016 and Onboard Refueling Vapor Recovery as early as 2017. For diesel-powered vehicles China has implemented Euro 4 standards for new type approvals of both light-duty diesel vehicles and all new registrations of heavy-duty diesel vehicles. Enforcement of Euro 4 standards for new diesel light-duty registrations began in 2013.

South Korea has implemented the Euro 5 emission standards with European OBD requirements for diesel-powered vehicles and the CARB standards for gasoline/LPG-powered vehicles. Commencing in 2014 new type-approvals will require the vehicle to meet Euro 6 diesel standards. The government is also considering the introduction of amendments to the low-emission vehicle program, LEVIII of the CARB standards, for gasoline/LPG-powered vehicles with the planned implementation in 2016.

India has implemented Euro 4 equivalent emission norms in 13 major cities of the country, where sulfur gasoline and diesel fuels (BS IV Fuel) are required and have been made available. Euro 4 norms are expected to apply in additional cities as BS IV fuels are made available in 2014 and 2015 in a phased manner.

South America

Certain countries follow the U.S. test procedures, standards and OBD requirements and others follow the EU test procedures, standards and OBD requirements with different levels of stringency. Brazil implemented national L5 low emission vehicle standards for passenger cars and light commercial vehicles in 2009. L6 standards for light diesel vehicles were implemented in 2012 and mandate OBD installation for light diesel vehicles in 2015. L6 standards for light gasoline vehicles are to be implemented in 2014 for new vehicles and 2015 for all models. Argentina implemented Euro 4 standards starting with new vehicle registrations in 2009 and the implementation of Euro 5 standards has been delayed from 2014 to 2015 for new vehicles and from 2016 to 2017 for all vehicles. Chile has enforced Euro 5 or U.S. Tier 2 Bin 5 emission standards for diesel vehicles and will implement Euro 5 or U.S. Tier 2 Bin 5 standards for gasoline vehicles in September 2014.

Industrial Environmental Control

Environmental Matters

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental cleanup. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances these laws impose joint and several liability as well as liability for related damages to natural resources. Refer to Note 17 to our consolidated financial statements for additional information on environmental matters including site remediation.

Facility Management

To mitigate the effects our worldwide operations have on the environment we are committed to convert as many of our worldwide facilities as possible to landfill-free facilities. At December 31, 2013 85 (or over 50%) of our manufacturing facilities were landfill-free facilities. Additionally we have 25 non-manufacturing facilities that are landfill free. At our landfill-free manufacturing facilities approximately 96% of waste materials are recycled or reused and 4% is converted to energy at waste-to-energy facilities. Including construction, demolition and remediation wastes, we estimate that we recycled, reused, or composted over 2 million metric tons of waste materials at our global manufacturing operations and estimate that we converted approximately 75,000 metric tons of waste materials to energy at waste-to-energy facilities in the year ended December 31, 2013.

In 2013 we surpassed our internal 2020 Manufacturing Commitment initiative to reduce total waste on a kg/vehicle basis by 10%, having reduced total waste by more than 45 kg/vehicle (including metals and foundry-related wastes). Total waste includes all byproducts from routine manufacturing operations, excluding construction, demolition and remediation wastes and materials that are sent for direct reuse (without processing).

In addition to providing environmental benefits our landfill-free program and total waste reduction commitments generate revenue from the sale of production by-products, reduce our energy costs, and help to reduce the risks and financial liabilities associated with waste disposal.

We continue to make progress on our other 2020 Manufacturing commitments including the implementation of our global energy strategy with a goal to increase our use of renewable energy and improve our energy efficiency. Our data collection and management system is designed to monitor and measure energy use as well as calculate the related CO<sub>2</sub> emissions including collecting and verifying energy, water and other environmental data from our facilities. Our approach to addressing climate change includes setting a greenhouse gas emissions reduction target, collecting accurate data, and by publicly reporting progress against our target.

Automotive Fuel Economy

North America

Corporate Average Fuel Economy (CAFE) reporting is required for three separate fleets: domestically produced cars, imported cars and light-duty trucks. Beginning with the 2011 model year both car and light-duty truck standards were established using targets for various vehicle sizes and vehicle model sales volumes. In 2014 our domestic car standard is estimated to be 33.8 mpg, our import car standard is estimated at 37.2 mpg, and our light-duty truck standard is estimated to be 24.5 mpg. Our current product plan is expected to be compliant with the federal CAFE program.

In August 2012 the EPA and the National Highway Transportation Safety Administration (NHTSA) finalized a coordinated national program consisting of new requirements for the 2017 through 2025 model year light-duty vehicles that will reduce greenhouse gas emissions and improve fuel economy. This regulation represents a

continuation of the national program that has been established for the 2012 through 2016 model year light-duty vehicles. This program includes EPA and NHTSA standards that will require an industry-wide standard by 2016. Our current product plan projects compliance with both federal programs through 2016.

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

A Canadian governmental agency implemented greenhouse gas standards that were harmonized with U.S. standards beginning with the 2011 model year. However these regulations do not require the separation of car fleet into domestic and import vehicles. The Province of Quebec had previously adopted standards for the 2009 through 2016 model years that were equivalent to the California program but has revised their regulations to allow compliance with the national standards effective with the 2012 model year.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Mexico has adopted fuel economy targets similar to the U.S. for 2012-2016 model years. The Mexico standards offer additional flexibilities when compared to the U.S. requirements to account for the differences in terrain type, vehicle mix and fuel quality. Discussions for post 2016 standards are expected to begin in 2014 calendar year.

Europe

Legislation regulating fleet average CO<sub>2</sub> emissions was implemented for passenger cars in 2012. Based on a target function of CO<sub>2</sub> to vehicle weight, each automobile manufacturer must meet a specific sales-weighted fleet average target. The fleet average requirement began phasing in during 2012 with full compliance required by 2015.

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

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

In July 2012 the EU Commission released a regulatory proposal outlining the regulatory implementation for passenger cars and light commercial vehicles targets effective in 2020. Implementation of the target has been delayed with final release expected in early 2014. While the passenger car target is expected to remain in place beginning in 2020, in that first year (2020) only 95% of the Original Equipment Manufacturers (OEMs) fleet is required to comply. Full 100% compliance will be required in 2021. The individual manufacturer targets will continue to be determined based on the average vehicle mass. Other compliance flexibilities will be limited adding additional challenges to compliance with the CO<sub>2</sub> fleet target.

Effective in November 2012 an EC regulation required low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators, which we adopted in 2011. An additional EC regulation has been adopted that will require labeling of tires for noise, fuel efficiency and rolling resistance, affecting vehicles at the point of sale as well as the sale of tires in the aftermarket.

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

International Operations



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

In Korea fuel economy/CO<sub>2</sub> targets for 2012 through 2015 were implemented as part of the government's low carbon/green growth strategy. These targets are based on each vehicle's curb weight and in general are set at levels more stringent than fuel economy targets in the U.S. but less stringent than CO<sub>2</sub> targets in the EU. The targets began being phased in during 2012 with full compliance by 2015 with manufacturers having the option to certify based on either fuel consumption or CO<sub>2</sub> emissions. Each manufacturer has been given a corporate target to meet based on its overall industry fleet fuel economy/CO<sub>2</sub> average. GM Korea Company's (GM Korea) current product portfolio is expected to comply with the targets by 2015. However, in 2014 the Korean

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

government plans to set more stringent fuel economy targets for 2016 and beyond that will likely reach the level in Japan by 2020 and the level in the EU by 2025.

In Saudi Arabia the government is developing a footprint-based fuel economy standard modeled on the U.S. system, which would likely commence in 2016 using the U.S. target value curves from 2011 or 2012. The Saudi program is not expected to include the alternative fuel/advanced technology vehicle and other credits from the U.S. program.

In India the government is developing a weight-based CO<sub>2</sub>/fuel efficiency regulation that is likely to be implemented in 2017. It is expected that the regulatory standards could be similar but less stringent than levels required in the EU with tighter standards planned for 2022.

In Australia the current government's agenda no longer includes the adoption of attribute-based CO<sub>2</sub> standards.

South America

In Brazil the government has set new fuel economy requirements called INOVAR AUTO. OEMs have mandatory fleet average compliance required by October 2017 with a reduction from 2012 levels. The Brazilian government provides indirect tax incentives to eligible participant companies that meet certain requirements including these energy efficiency targets. The level of potential indirect tax incentives varies based on the degree and timing to which the targets are met. Participating companies that fail to meet the required criteria are subject to clawback provisions and specific fines.

In Chile every new passenger vehicle up to a certain vehicle weight is required to be tested under Euro procedure in order to determine its reference values to be included in the new mandatory fuel economy label. As a result of this process the label indicates the fuel consumption values for city, highway and combined city-highway and the CO<sub>2</sub> emission values.

Chemical Regulations

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

North America

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

In California two chemical initiatives will become effective in 2014: the brake pad reformulation law and the safer consumer products regulations. The brake pad reformulation law requires brake and vehicle manufacturers to ensure brakes produced after January 2014 meet limits for the amounts of certain heavy metals and are properly certified and labeled. Under the safer consumer products regulation, California EPA will begin regulating specific consumer products that contain chemicals of concern. It is not yet known when vehicle components will be targeted.

Europe

In 2007 the EU implemented its regulatory requirements, EU REACH regulation, to register, evaluate, authorize and restrict the use of chemical substances. This regulation requires chemical substances manufactured in or imported into the EU in quantities of one metric ton or more per year to be registered with the European Chemicals Agency before 2018. During the pre-registration phase, Old GM and its suppliers registered those substances identified by this regulation. It is to be phased-in over a 10-year period. Under this regulation, “substances of very high concern” may either require authorization for further use or may be restricted in the future. This could potentially increase the cost of certain alternative substances that are used to manufacture vehicles and parts, or result in a supply chain disruption when a substance is no longer available to meet production timelines. Our research and development initiatives may be diverted to address future requirements.

Safety

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

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

Vehicular Noise Control

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

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

While current noise emission requirements regulate maximum allowable noise levels, formal proposals are under development to regulate minimum sound levels. These proposals stem from concern that relatively quiet vehicles, specifically hybrids and electrics, may not be readily heard by pedestrians. In the U.S., NHTSA issued a Notice of Proposed Rulemaking on January 14, 2013 and the U.S. Department of Transportation indicated a final rule is expected to be published in 2015. The UNECE is developing a Global Technical Regulation, sponsored by the U.S., Japan, and the EU, for manufacturers to equip vehicles with pedestrian alerting devices where the vehicle fails to meet minimum sound emission levels.

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

Potential Effect of Regulations

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

cost-effective energy technologies in all sectors is the most effective way to improve energy efficiency, reduce greenhouse gas emissions and mitigate environmental liabilities.

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

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Pension Legislation

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

Export Control

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

Automotive Financing - GM Financial

GM Financial is our captive automotive finance company that has been operating since 1992. GM Financial conducts its business in North America and, as a result of the 2013 acquisition of the Ally Financial international operations, in Europe and Latin America. GM Financial expects to complete in 2014 the acquisition of Ally Financial's equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC) that conducts automotive finance and financial services operations in China.

GM Financial automobile finance programs in North America include sub-prime lending and full spectrum leasing. The sub-prime lending programs predominantly offer financing to consumers who have limited access to automobile financing through banks and credit unions. The typical borrower has experienced prior credit difficulties or has limited credit history and generally has a credit bureau score ranging from 500 through 700. Since GM Financial provides financing in a relatively high-risk market it expects to sustain a higher level of credit losses than other more traditional sources of financing. The full spectrum leasing product is offered through our franchised dealers and targets prime and sub-prime consumers leasing new vehicles. GM Financial seeks to provide competitive alternatives to existing marketplace lease offerings in our franchised dealers. GM Financial services its loan and lease portfolio at regional centers using automated servicing and collection systems.

In April 2012 and March 2013, GM Financial launched the U.S. and Canadian commercial lending platforms to further support our franchised dealerships and their affiliates. These platforms are centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis.

GM Financial's international consumer lending programs focus on financing prime quality consumers purchasing our new and used vehicles. In many countries GM Financial also offers financial leases, a lease/retail hybrid product that includes a balloon payment at expiration, and finance-related insurance products through third parties, such as credit life, gap and extended warranty coverage. Commercial products offered to dealer customers include new and used vehicle inventory financing, inventory insurance, working capital and capital improvement loans. Other commercial products include fleet financing and storage center financing.

GM Financial primarily finances its loan, lease and commercial origination volume through the use of secured and unsecured bank lines, through public and private securitization transactions where such markets are developed and, to a lesser extent in Latin America, through public financing programs including the issuance of commercial paper and other financing programs.

GM Financial retains an interest in the securitization transactions in the form of restricted cash accounts and overcollateralization, whereby more receivables are transferred to the securitization trusts than the amount of asset-backed securities issued by the securitization trusts, as well as the estimated future excess cash flows expected to be received by GM Financial over the life of the securitization. Excess cash flows result from the difference between the finance charges received from the obligors on the receivables and the interest paid to investors in the asset-backed securities net of credit losses and expenses.

Excess cash flows in the securitization trusts are initially utilized to fund credit enhancement requirements in order to attain specific credit ratings for the asset-backed securities issued by the securitization trusts. Once targeted credit enhancement requirements are reached and maintained excess cash flows are distributed to GM Financial. In addition to excess cash flows GM Financial receives monthly base servicing fees and collects other fees such as late charges as servicer for securitization trusts.

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## Employees

At December 31, 2013 we employed 219,000 employees of whom 142,000 (65%) were hourly employees and 77,000 (35%) were salaried employees. The following table summarizes worldwide employment (in thousands):

	December 31, 2013	December 31, 2012	December 31, 2011
GMNA(a)	109	101	98
GME	35	37	39
GMIO(b)	38	39	34
GMSA	31	32	33
GM Financial(c)	6	4	3
Total Worldwide	219	213	207
U.S. - Salaried	36	30	29
U.S. - Hourly	51	50	48

(a) Increase in GMNA employees in the year ended December 31, 2013 includes an increase of approximately 4,000 employees due to insourcing of certain information technology support functions that were previously provided by outside parties and an increase of approximately 3,000 employees due to increase in launches and ramp up in manufacturing volume.

(b) Increase in GMIO employees in the year ended December 31, 2012 includes an increase of 4,000 employees due to the acquisition of GM India. Refer to Note 3 to our consolidated financial statements for detail regarding the acquisition.

(c) Increase in GM Financial employees in the year ended December 31, 2013 is due to the acquisition of certain Ally Financial international operations.

At December 31, 2013 51,000 of our U.S. employees (or 59%) were represented by unions, a majority of which were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW).

## Executive Officers of the Registrant

The names and ages as of February 6, 2014 of our executive officers and their positions and offices with GM are as follows:

Name and (Age)	Present GM Position (and Effective Date)	Positions Held During the Past Five Years if Other than Present GM Position (and Effective Date)
Mary T. Barra (52)	Chief Executive Officer and Member of the Board of Directors (2014)	Executive Vice President, Global Product Development, Purchasing & Supply Chain (2013) Senior Vice President, Global Product Development (2011) Vice President, Global Human Resources (2009) Vice President, Global Manufacturing Engineering (2008) Executive Vice President & Chief Financial Officer (2013) Senior Vice President & Chief Financial Officer (2011)
Daniel Ammann (41)	President (2014)	GM Vice President, Finance & Treasurer (2010) Morgan Stanley - Managing Director and Head of Industrial Investment Banking (2004)
Jaime Ardila (58)		Vice President & President, South America (2010)



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	Executive Vice President & President, South America (2013)	President and Managing Director of GM Mercosur (2007)
		Senior Vice President, Global Chevrolet and Brand Chief and U. S. Sales and Marketing (2013)
Alan S. Batey (50)	Executive Vice President & President, GM North America (2014)	GM Vice President, U.S. Sales and Service, and Interim GM Chief Marketing Officer (2012) Vice President, U.S. Chevrolet Sales and Service (2010) Chairman & Managing Director, Holden, Ltd. (2009) Executive Director, Sales, Marketing & Aftersales, Holden, Ltd. (2006) Vice President, Manufacturing, GM International Operations (2013)
James B. DeLuca (52)	Executive Vice President, Global Manufacturing (2014)	Vice President, Quality, GM International Operations (2009) Vice President, Quality, GM Asia Pacific and GM Daewoo Auto & Technology (2007)

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Name and (Age)	Present GM Position (and Effective Date)	Positions Held During the Past Five Years if Other than Present GM Position (and Effective Date)
Stefan Jacoby (55)	Executive Vice President Consolidated International Operations (2013)	Volvo Car Corporation - Global Chief Executive Officer and President (2010) Volkswagen Group of America - Chief Executive Officer and President (2007) Executive Vice President, Global Manufacturing & Chairman, GM China, Inc. (2013) Executive Vice President, Global Manufacturing & President, International Operations (2013)
Timothy E. Lee (63)(a)	Executive Vice President & Chairman, GM China, Inc. (2014)	GM Vice President, Global Manufacturing & President, International Operations (2012) GM Vice President & President, International Operations (2009) Group Vice President, Global Manufacturing and Labor (2009) GM North America Vice President, Manufacturing (2006) Senior Vice President & General Counsel (2011) GM Vice President & General Counsel (2009) Associate General Counsel (2005) CEO, Adam Opel AG & President, GM Europe (2013) Volkswagen Group China - Chief Executive Officer and President (2010)
Michael P. Millikin (65)	Executive Vice President & General Counsel (2013)	Volkswagen Group - Executive Vice President, Electromobility (2009) Continental AG - Chief Executive Officer & Chief Technology Officer, Division Powertrain and President, Division Chassis & Safety (2008) Executive Vice President & President, North America (2013) GM Vice President & President, North America (2009) GM Vice President, Global Vehicle Engineering (2009) President & Managing Director, GM Holden, Ltd. (2008) Chief Financial Officer, GM North America (2010) Interim Chief Financial Officer, GM South America (2011) Executive Director, Finance, GM de Mexico (2008) GM Consolidated International Operations Vice President, Planning, Program Management, & Strategic Alliances China (2012)
Karl-Thomas Neumann (52)	Executive Vice President & President, GM Europe & Chairman of the Management Board of Adam Opel AG (2013)	Executive Vice President, SAIC GM Wuling (2009) Applied Materials Inc. - Corporate Vice President, Chief Accounting Officer, and Corporate Controller (2010) Delphi Automotive Corporation - Chief Accounting Officer and Controller (2006)
Mark L. Reuss (50)	Executive Vice President, Global Product Development, Purchasing & Supply Chain (2014)	
Charles K. Stevens, III (54)	Executive Vice President & Chief Financial Officer (2014)	
Matthew Tsien (53)	Executive Vice President & President, GM China, Inc. (2014)	
Thomas Timko (45)	GM Vice President, Controller & Chief Accounting Officer (2013)	

(a) Retiring effective April 1, 2014.

There are no family relationships as defined in Item 401 of Regulation S-K between any of the officers named above and there is no arrangement or understanding between any of the officers named above and any other person pursuant to which he or she was selected as an officer. Each of the officers named above was elected by the Board of Directors or a committee of the Board of Directors to hold office until the next annual election of officers and until his or her successor is elected and qualified or until his or her earlier resignation or removal. The Board of Directors elects the officers immediately following each annual meeting of the stockholders and may appoint other officers between annual meetings.

#### Segment Reporting Data

Operating segment data and principal geographic area data for the years ended December 31, 2013, 2012 and 2011 are summarized in Note 25 to our consolidated financial statements.

#### Website Access to Our Reports

Our internet website address is [www.gm.com](http://www.gm.com). In addition to the information about us and our subsidiaries contained in this 2013 Form 10-K information about us can be found on our website including information on our corporate governance principles. Our website and information included in or linked to our website are not part of this 2013 Form 10-K.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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Item 1A. Risk Factors

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

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

Our business and financial results are highly sensitive to sales volume. A number of economic and market conditions drive changes in vehicle sales, including real estate values, levels of unemployment, the availability of credit, fluctuations in the cost of fuel and consumer confidence. We cannot predict future economic and market conditions with certainty and any change in economic and market conditions that negatively affects sales volumes could materially adversely affect our results of operations and financial condition.

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

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

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

profitability over the long-term.

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

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

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

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

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

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

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

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

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

The global automotive industry is highly competitive and overall manufacturing capacity in the industry exceeds demand. Many manufacturers have relatively high fixed labor costs as well as significant limitations on their ability to close facilities and reduce fixed costs. Our competitors may respond to these relatively high fixed costs by attempting to sell more vehicles by adding vehicle enhancements, providing subsidized financing or leasing programs, offering

option package discounts or other marketing incentives, or reducing vehicle prices in certain markets. Manufacturers in lower cost countries such as China and India have emerged as competitors in key emerging markets and announced their intention of exporting their products to established markets as a bargain alternative to entry-level automobiles. These actions have had, and are expected to continue to have, a significant negative effect on our vehicle pricing, market share and operating results, and present a significant risk to our ability to enhance our revenue per vehicle.

Our competitors may be able to benefit from the cost savings offered by industry consolidation or alliances.

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

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our competitiveness with respect to those competitors. Competitors could use consolidation or alliances as a means of enhancing their competitiveness or liquidity position, which could also materially adversely affect our business.

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

In 2013 the European automotive industry continued to be severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity.

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

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

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

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

Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies is disclosed in Note 15 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments.

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

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



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

We rely on GM Financial to provide financial services to our dealers and customers in a majority of the markets in which we sell vehicles. GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations and its ability to provide leasing, prime and sub-prime financing to consumers and commercial lending to our dealers to support additional sales of our vehicles.

In North America GM Financial supports additional consumer leasing of our vehicles and additional sales of our vehicles to consumers requiring sub-prime vehicle financing as well as providing commercial lending to our dealers. In Europe and South America we rely on GM Financial to support additional consumer leasing of our vehicles and additional sales of our vehicles to

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

• The ability to close the acquisition of GMAC-SAIC and integrate the acquired Ally Financial international operations into its business successfully;

• The availability of borrowings under its credit facilities to fund its consumer and dealer finance activities pending securitization;

• Its ability to transfer finance receivables and leases to securitization trusts and sell securities in the asset-backed securities market to generate cash proceeds to repay its credit facilities and fund additional finance receivables and leases;

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

• Wholesale auction values of used vehicles;

• Higher than expected vehicle return rates and the residual value performance on vehicles GM Financial leases; and

• Fluctuations in interest rates and currencies.

The above factors, alone or in combination, could negatively affect GM Financial's business and operations or its ability to provide leasing, prime and sub-prime financing options to consumers to support additional sales of our vehicles and dealer financing.

Our planned investment in new technology in the future is significant and may not be funded at anticipated levels and, even if funded at anticipated levels, may not result in successful vehicle applications.

We intend to invest significant capital resources to support our products and to develop new technology. In addition we plan to invest heavily in alternative fuel and advanced propulsion technologies between 2014 and 2015, largely to support our planned expansion of hybrid and electric vehicles. Moreover if our future operations do not provide us with the cash flow we anticipate, we may be forced to reduce, delay or cancel our planned investments in new technology.

In some cases the technologies that we plan to employ, such as hydrogen fuel cells and advanced battery technology, are not yet commercially practical and depend on significant future technological advances by us and by suppliers. There can be no assurance that these advances will occur in a timely or feasible way, that the funds that we have budgeted for these purposes will be adequate or that we will be able to establish our right to these technologies. However our competitors and others are pursuing similar technologies and other competing technologies and there can

be no assurance that they will not acquire similar or superior technologies sooner than we do or on an exclusive basis or at a significant price advantage.

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

We rely upon information technology networks and systems, some of which are managed by third-parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain management, manufacturing, invoicing and collection of payments from our dealer network and from customers of GM Financial. Additionally we collect and store sensitive data, including intellectual property, proprietary business information, the propriety business information of our dealers and suppliers, as well as personally identifiable information of our customers and employees, in data centers and on information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information, is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology networks and systems may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to errors or malfeasance by employees, contractors and others who have access to our

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networks and systems, or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations and reduce the competitive advantage we hope to derive from our investment in advanced technologies. Our insurance coverage may not be adequate to cover all the costs related to significant security attacks or disruptions resulting from such attacks.

New laws, regulations or policies of governmental organizations regarding increased fuel economy requirements and reduced greenhouse gas emissions, or changes in existing ones, may have a significant effect on how we do business.

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

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

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

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

Other governments around the world, such as Canada, China, Brazil, Mexico and South Korea are also creating or have new policies to address these same issues. As in the U.S. these government policies could significantly affect our plans for product development. Due to these regulations we could be subject to sizable civil penalties or have to restrict product offerings drastically to remain in compliance. The regulations will result in substantial costs, which

could be difficult to pass through to our customers, and could result in limits on the types of vehicles we sell and where we sell them, which could affect our operations, including facility closings, reduced employment, increased costs and loss of revenue.

A significant amount of our operations are conducted by joint ventures that we cannot operate solely for our benefit.

Many of our operations, particularly in emerging markets, are carried out by joint ventures such as SGM. In joint ventures we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities, or resources as we do and may compete with us outside the joint venture. Joint ventures are intended to be operated for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures we are required to foster our relationships with our co-owners as well as promote the overall success of the joint venture, and if a co-owner changes or relationships deteriorate, our success in the joint venture may be materially adversely affected. The benefits

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from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our successful joint ventures.

Our business in China is subject to aggressive competition and is sensitive to economic and market conditions.

Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The automotive market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market continues to increase, we anticipate that additional competitors, both international and domestic, will seek to enter the Chinese market and that existing market participants will act aggressively to increase their market share. Increased competition may result in price reductions, reduced margins and our inability to gain or hold market share. In addition our business in China is sensitive to economic and market conditions that drive sales volume in China. If we are unable to maintain our position in the Chinese market or if vehicle sales in China decrease or do not continue to increase, our business and financial results could be materially adversely affected.

We could be materially adversely affected by changes or imbalances in foreign currency exchange rates and interest rates.

Given the nature of the automotive industry and global spread of our business, we have significant exposures to risks related to changes in foreign currency exchange rates and interest rates, which can have material adverse effects on our business. In preparing the consolidated financial statements we translate our revenues and expenses outside the U.S. into U.S. Dollars using the average foreign currency exchange rate for the period and the assets and liabilities using the foreign currency exchange rate at the balance sheet date. As a result foreign currency fluctuations and the associated translations could have a material adverse effect on our results of operations and financial condition.

Our businesses outside the U.S. expose us to additional risks that may materially adversely affect our business.

The majority of our vehicles are sold outside the U.S. We are pursuing growth opportunities for our business in a variety of business environments outside the U.S. Operating in a large number of different regions and countries exposes us to political, economic and other risks as well as multiple foreign regulatory requirements that are subject to change, including:

• Economic downturns in foreign countries or geographic regions where we have significant operations, such as China;

• Economic tensions between governments and changes in international trade and investment policies, including imposing restrictions on the repatriation of dividends, especially between the U.S. and China;

• Foreign regulations restricting our ability to sell our products in those countries;

• Differing local product preferences and product requirements, including fuel economy, vehicle emissions and safety;

• Liabilities resulting from U.S. and foreign laws and regulations, including those related to the Foreign Corrupt Practices Act and certain other anti-corruption laws;

• Differing labor regulations and union relationships;

• Consequences from changes in tax laws;

Difficulties in obtaining financing in foreign countries for local operations; and

Political and economic instability, natural calamities, war and terrorism.

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

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

Our products must satisfy legal safety requirements. Meeting or exceeding government-mandated safety standards is difficult and costly because crashworthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards. While we are managing our product development and production operations on a global basis to

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reduce costs and lead times, unique national or regional standards or vehicle rating programs can result in additional costs for product development, testing and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product.

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

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

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Item 1B. Unresolved Staff Comments

None

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Item 2. Properties

At December 31, 2013 we had 104 locations in 25 states and 81 cities or towns in the U.S. excluding our automotive financing operations and dealerships. Of these locations 40 are manufacturing facilities, of which 12 are engaged in the final assembly of our vehicles, other manufactured automotive components and power products. Of the remaining locations 24 are customer care and aftersales operations primarily responsible for distribution and warehouse functions and the remainder are offices or facilities primarily involved in engineering and testing vehicles. Leased properties are primarily composed of warehouses and administration, engineering and sales offices.

We have 16 locations in Canada and we have assembly, manufacturing, distribution, office or warehousing operations in 59 other countries, including equity interests in associated companies which perform assembly, manufacturing or distribution operations. The major facilities outside the U.S. and Canada, which are principally vehicle manufacturing and assembly operations, are located in:

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

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

GM Financial's automotive financing and leasing operations lease facilities for administration and regional credit centers. GM Financial has 20 facilities located in 15 states and 20 cities or towns in the U.S. Of these facilities, three are collections centers, 14 are regional credit centers and the remaining facilities are administrative offices. GM Financial has three facilities located in Canada including one collection center and 26 facilities in European and Latin



American countries. The major facilities outside the U.S. and Canada are located in the United Kingdom and Brazil.

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

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Item 3. Legal Proceedings

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

GMCL Dealers' Claim

General Motors of Canada Limited (GMCL) is defending a class action asserted on behalf of over 200 former GMCL dealers (the Plaintiff Dealers) which entered into wind-down agreements with GMCL in May 2009 asserting various claims related to those agreements. On March 1, 2011 the Ontario Superior Court of Justice approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). A number of former dealers have opted out of participation in the litigation, leaving 181 dealers in the certified class. The parties are currently conducting discovery. Trial of the class issues is scheduled to occur in the third quarter of 2014.

UAW Claim

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached our obligation to contribute \$450 million to the UAW Retiree Medical Benefits Trust (New VEBA). The UAW alleges that we were contractually required to make this contribution 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.

GM Korea Wage Litigation

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea filed eight separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in aggregate involve more than 10,000 employees, allege that GM Korea failed to include bonuses and certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. 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. We believe the Supreme Court's reasoning is applicable to GM Korea, even though GM Korea's case remains pending before the Supreme Court. Accordingly we have eliminated the accrual associated with these cases.

Inventory Management Securities Class Action

On June 29, 2012 a putative securities class action was filed against us and a number of our past and current officers and directors in the United States District Court for the Southern District of New York (George G. Scott v. General Motors Company et al). Purporting to sue on behalf of owners of common stock deriving from our 2010 initial public offering, plaintiff asserts non-fraud prospectus based liability claims under various federal securities statutes alleging that the Company has made false statements about its vehicle inventory controls and production decisions, particularly with respect to fullsize trucks. The plaintiff's complaint requests compensatory damages, rescission and litigation costs, fees and disbursements. On November 21, 2012 the court appointed the Teamster's Local 710 Pension Fund as lead plaintiff in the matter. On February 1, 2013 the plaintiff filed an amended complaint.

#### Saab Automobile AB Related Litigation

On August 6, 2012 Saab Automobile AB and Spyker N.V. filed a complaint in the United States District Court for the Eastern District of Michigan alleging that GM tortuously interfered with their efforts to secure an investment in Saab Automobile AB from

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Zhejiang Youngman Lotus Automobile Co., Ltd and its affiliates by making public statements in December of 2011 to the effect that we did not favor the proposed transaction. The complaint alleges that absent the challenged statements, Saab Automobile AB would have successfully avoided liquidation and seeks damages of not less than \$3.0 billion representing the projected value of Saab Automobile AB through 2016 plus pre- and post-judgment interest, special, punitive and other allowable damages and plaintiffs' reasonable attorneys' fees and costs. On June 18, 2013 the court granted GM's motion to dismiss the case on multiple alternative grounds. Saab Automobile AB and Spyker N.V. have appealed.

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Item 4. Mine Safety Disclosures

Not applicable

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## PART II

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

## Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. The following table summarizes the quarterly price ranges of our common stock based on high and low prices from intraday trades on the New York Stock Exchange, the principal market in which the stock is traded:

	Years Ended December 31,			
	2013 High	Low	2012 High	Low
Quarter				
First	\$30.68	\$26.19	\$27.68	\$20.75
Second	\$35.49	\$27.11	\$27.03	\$19.24
Third	\$37.97	\$33.41	\$25.15	\$18.72
Fourth	\$41.85	\$33.92	\$28.90	\$22.67

## Holders

At January 30, 2014 we had a total of 1.6 billion issued and outstanding shares of common stock held by 403 holders of record.

## Dividends

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. At December 31, 2013 there were no dividends in arrears on our Series A Preferred Stock.

Since our formation, we had not paid any dividends on our common stock through the year ended December 31, 2013. In January 2014 our Board of Directors declared a dividend on common stock in the amount of \$0.30 per share payable in March 2014. It is anticipated that dividends on our common stock will be declared and paid quarterly subsequent to the initial dividend declaration. However our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facilities and other factors.

## Issuer Purchases of Equity Securities

## Purchases of Equity Securities for Cash

No shares of common stock were purchased for cash in each of the three months ended December 31, 2013.

Other Purchases of Equity Securities

	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased Under the Program	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program
October 1, 2013 through October 31, 2013	1,833,227	\$36.50	N/A	N/A
November 1, 2013 through November 30, 2013	33,732	\$36.34	N/A	N/A
December 1, 2013 through December 31, 2013	1,989	\$39.12	N/A	N/A
Total	1,868,948	\$36.50		

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N/A = not applicable

(a) Represents shares of common stock delivered by employees or directors back to us for the payment of taxes resulting from issuance of common stock upon the vesting of Restricted Stock Units and Restricted Stock Awards relating to compensation plans and shares of common stock retained by us for the payment of exercise price upon the exercise of warrants. Refer to Note 23 to our consolidated financial statements for additional details on employee stock incentive plans and Note 21 to our consolidated financial statements for additional details on warrants issued.

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## Item 6. Selected Financial Data

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

	Successor Years Ended December 31,				July 10, 2009 Through December 31, 2009	Predecessor January 1, 2009 Through July 9, 2009
	2013	2012	2011	2010		
<b>Income Statement Data:</b>						
Total net sales and revenue(a)	\$ 155,427	\$ 152,256	\$ 150,276	\$ 135,592	\$ 57,474	\$ 47,115
Reorganization gains, net(b)	\$—	\$—	\$—	\$—	\$ —	\$ 128,155
Income (loss) from continuing operations	\$ 5,331	\$ 6,136	\$ 9,287	\$ 6,503	\$ (3,786 )	\$ 109,003
Net (income) loss attributable to noncontrolling interests	15	52	(97 )	(331 )	(511 )	115
Net income (loss) attributable to stockholders(c)	\$ 5,346	\$ 6,188	\$ 9,190	\$ 6,172	\$ (4,297 )	\$ 109,118
Net income (loss) attributable to common stockholders	\$ 3,770	\$ 4,859	\$ 7,585	\$ 4,668	\$ (4,428 )	\$ 109,118
Basic earnings (loss) per common share(d)	\$ 2.71	\$ 3.10	\$ 4.94	\$ 3.11	\$ (3.58 )	\$ 178.63
Diluted earnings (loss) per common share(d)	\$ 2.38	\$ 2.92	\$ 4.58	\$ 2.89	\$ (3.58 )	\$ 178.55
<b>Balance Sheet Data (as of period end):</b>						
Total assets(a)	\$ 166,344	\$ 149,422	\$ 144,603	\$ 138,898	\$ 136,295	
Automotive notes and loans payable(e)	\$ 7,137	\$ 5,172	\$ 5,295	\$ 4,630	\$ 15,783	
GM Financial notes and loans payable(a)	\$ 29,046	\$ 10,878	\$ 8,538	\$ 7,032		
Series A Preferred Stock(f)	\$ 3,109	\$ 5,536	\$ 5,536	\$ 5,536	\$ 6,998	
Series B Preferred Stock(g)	\$—	\$ 4,855	\$ 4,855	\$ 4,855		
Equity(h)	\$ 43,174	\$ 37,000	\$ 38,991	\$ 37,159	\$ 21,957	

(a) GM Financial was consolidated effective October 1, 2010. GM Financial acquired Ally Financial's international operations in Europe and Latin America in the year ended December 31, 2013.

(b) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of \$128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, the



363 Sale of Old GM and certain of its direct and indirect subsidiaries and the application of fresh-start reporting.

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

In the years ended December 31, 2012 and 2011 we used the two-class method for calculating earnings per share as (d) the Series B Preferred Stock was a participating security due to the applicable market value of our common stock being below \$33.00 per common share. Refer to Note 22 to our consolidated financial statements for additional detail.

In December 2010 GM Korea terminated its \$1.2 billion credit facility following the repayment of the remaining (e) \$1.0 billion under the facility.

In September 2013 we purchased 120 million shares of our Series A Preferred Stock held by the New VEBA for (f) \$3.2 billion. In December 2010 we purchased 84 million shares from the UST for \$2.1 billion.

In December 2013 all of our Series B Preferred Stock automatically converted into 137 million shares of our (g) common stock. Our Series B Preferred Stock was issued in a public offering in November and December 2010.

In December 2012 we purchased 200 million shares of our common stock for a total of \$5.5 billion, which directly (h) reduced shareholder's equity by \$5.1 billion and we recorded a charge to earnings of \$0.4 billion. Our Series A Preferred Stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.

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Item 7. 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 consolidated financial statements. We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

In the three months ended March 31, 2013 we changed our managerial and financial reporting structure to measure our reportable segments revenue and profitability based on the geographic area in which we sell vehicles to third party customers. We have retrospectively revised the segment presentation for all periods presented. Refer to Note 25 to our consolidated financial statements for additional information on this change.

Overview

Automotive

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

- Deliver a product portfolio of the world's best vehicles that includes cars, crossovers and trucks, allowing us to maximize sales under any market condition;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio;
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model; and
- Ensure that our dealers and customers have consistently available, transparent and competitive financing options through GM Financial and other providers.

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

GMNA

GMNA has sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean. GMNA represented 51.1% of our wholesale vehicle sales volume in 2013 and we had the largest market share, based upon retail vehicle sales, in North America at 16.9%. We grew our retail market share in all four brands as compared to 2012. Our market share growth was driven in part by the success of several product launches during the year, most notably the Corvette Stingray, Chevrolet Impala,

Cadillac CTS and the all-new Chevrolet Silverado and GMC Sierra full-size trucks. Our products in the region continued to receive recognitions of excellence including the most initial quality awards as determined by JD Power and Associates as compared to any other automotive manufacturer in 2013.

#### GME

GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's wholesale vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of

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the Commonwealth of Independent States among others) represented 16.3% of our wholesale vehicle sales volume in 2013. In 2013 we estimate we had the number four market share, based upon retail vehicle sales, in Europe at 8.3%. GMIO distributed Chevrolet brand vehicles in Europe. These vehicles are reported within market share for Europe, but wholesale vehicle sales volume is recorded by GMIO. Our European operations continue to show signs of improvement underscored by our first Opel and Vauxhall market share increase in 14 years. This market share increase was partially driven by the successful launches of the Opel Mokka, ADAM and Cascada during 2013. Our focus on successfully executing product launches and containing costs has in part contributed to significant year-over-year reduction in EBIT (loss)-adjusted.

In an effort to rationalize our manufacturing footprint in GME, we reached agreement with the labor union in Germany to terminate all vehicle and transmission production at our Bochum, Germany facility by the end of 2014. Affected employees will be eligible for a voluntary restructuring separation program. Restructuring charges will be recorded primarily through 2014. Refer to Note 19 to our consolidated financial statements for additional information.

GMIO

GMIO has sales, manufacturing and distribution operations in Asia/Pacific, the Middle East, Africa and Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others). GMIO represented 16.2% of our wholesale vehicle sales volume in 2013. The Asia/Pacific, Middle East and Africa region is our largest region by retail vehicle sales volume and represented 40.0% of our global retail vehicle sales volume in 2013. In 2013 we estimate we had the number two market share, based upon retail vehicle sales, in Asia/Pacific, Middle East and Africa at 9.5%. In 2013 we had market share of 14.3% in China. GMIO records the wholesale unit volume and financial results of Chevrolet brand vehicles that it distributes and sells in Europe. Our international operations' results were highlighted by our continued strength in China where we sold over 3 million vehicles. Our strength in the market was in part driven by the successful launches of the new Cadillac XTS, the refreshed Buick LaCrosse and Regal and certain Wuling branded vehicles, as well as continued strong sales of the Buick Encore and Buick Excelle. Our Buick brand continues to be our strongest brand in China with 810,000 vehicles sold in 2013 an increase of 16% from the prior year. In addition we have been making investments in our Cadillac brand in China which included a new assembly plant in Shanghai.

We are addressing many of the challenges in our GMIO operations and have performed strategic assessments on the performance and the manner in which we operate in certain countries. While we are continuing our strategic assessments we announced plans to discontinue offering mainstream Chevrolet vehicles in Europe in 2015 and recorded asset impairment and restructuring charges; announced plans to cease manufacturing at GM Holden Ltd., our subsidiary in Australia (Holden), and recorded asset impairment and restructuring charges; recorded asset impairment charges at GM India; and impaired our remaining goodwill in GMIO. Refer to the "GM International Operations" section of MD&A and Notes 9, 10 and 19 to our consolidated financial statements for additional information.

Our GM Korea subsidiary has continuing litigation with more than 10,000 current and former employees over the definition of ordinary wages. As a result of the recent Supreme Court of the Republic of Korea's favorable decision on a very similar wage litigation case involving another company we now believe an unfavorable outcome on our case given the new precedent is no longer probable and we reversed certain accruals for our cases. Refer to Note 17 to our consolidated financial statements for additional information.

GMSA

GMSA has sales, manufacturing, distribution and/or financing operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay. GMSA represented 16.4% of our wholesale vehicle sales volume in 2013. In 2013 GMSA derived 63.5% of its wholesale vehicle sales volume from Brazil. In 2013 we estimate we had the number one market share, based upon retail vehicle sales, in South America at 17.5% and the number three market share, based upon retail vehicle sales, in Brazil at 17.3%. Despite foreign currency pressures and challenging political environments across the region, our South American operations experienced continued profitability in 2013 that was driven in part by successful product launches including the Chevrolet Onix, Prisma and Tracker. We have further addressed our cost structure through restructuring efforts and multi-year labor agreements in Brazil.

Our Venezuelan operations highlight some of the foreign currency and political pressures. In 2013 the Venezuelan government announced a change in the official fixed exchange rate which resulted in devaluation charges during the year. In addition to currency controls already in place, the Venezuelan government announced pricing controls that, taken with other initiatives, require us to

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closely monitor and consider our ability to manage and control our Venezuelan subsidiaries. Refer to the "GM South America" section of MD&A for additional information.

Corporate

We continue to focus on strengthening our balance sheet. Initiatives during 2013 included lowering our cost of capital and increased financial flexibility by issuing \$4.5 billion in aggregate principal amount of senior unsecured notes. We used proceeds from the issuance to prepay notes issued to the Canadian Health Care Trust (HCT) and to purchase 120 million shares of our Series A Preferred Stock from the New VEBA. Refer to Notes 14 and 21 to our consolidated financial statements for additional information.

As part of an effort to release capital from non-core assets and further enhance our financial flexibility we sold our common equity ownership in Ally Financial and our seven percent equity interest in PSA held by GME. Refer to Notes 5 and 12 to our consolidated financial statements for additional information.

The United States Treasury divested its remaining ownership stake in our common stock. Also, all of our shares of Series B Preferred Stock mandatorily converted into 137 million shares of our common stock and will result in future annual cash preferred stock dividend savings. Refer to Note 21 to our consolidated financial statements for additional information.

Through ongoing discussions with taxing authorities we remeasured an uncertain tax position resulting in a tax benefit that will reduce future cash taxes.

Our collective actions during 2013 have helped us achieve investment grade status with a rating agency and we were added to the Standard & Poor's (S&P) 500.

Automotive Outlook

We anticipate the 2014 global automotive industry to be up approximately 2% over 2013 or about 85 million vehicles. For 2014 we expect our biggest challenges will be associated with unfavorable foreign currency pressures and planned global restructuring charges of up to \$1.1 billion. However we expect to substantially offset these challenges with favorable pricing and by leveraging our continued strength in North America and China. We continue to progress toward our target of mid- to high-single digit margins for mid-decade and expect our 2014 EBIT-adjusted margins to be comparable to 2013. We are also committed to returning capital to our common stockholders and in January 2014 our Board of Directors declared a dividend on common stock in the amount of \$0.30 per share payable in March 2014.

Automotive Financing - GM Financial

GM Financial purchases automobile finance contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers a lease financing product for new GM vehicles and a commercial lending program for GM-franchised dealerships. GM Financial's lending products in North America are primarily offered to consumers who typically are unable to obtain financing from traditional sources such as banks and credit unions. GM Financial utilizes a proprietary credit scoring system to differentiate credit applications and to statistically rank-order credit risk in terms of expected default rates, which enables it to evaluate credit applications for approval and tailor loan and lease pricing and structure. GM Financial services its loan and lease portfolios at regional centers using automated servicing and collection systems. Funding for our auto finance activities is primarily obtained through the utilization of our credit facilities and through

securitization transactions.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire Ally Financial's automotive finance and financial services businesses in Europe and Latin America and Ally Financial's equity interest in GMAC-SAIC that conducts automotive finance and financial services operations in China. The acquisitions will allow GM Financial to support our dealers in markets comprising approximately 80% of our global sales. In the year ended December 31, 2013 GM Financial completed the acquisitions of the operations in Europe and Latin America for \$3.3 billion. GM Financial's acquisition of Ally Financial's equity interest in GMAC-SAIC is subject to certain regulatory and other approvals and is expected to close in 2014 for approximately \$0.9 billion. Refer to Note 3 to our consolidated financial statements for additional information on these acquisitions.

#### Consolidated Results

#### Total Net Sales and Revenue

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(Dollars in Millions)

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To					
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total	
	(Dollars in millions)				(Dollars in billions)					
Automotive	\$152,092	\$150,295	\$1,797	1.2	%	\$(0.2)	\$1.7	\$2.2	\$(1.9)	\$1.8
GM Financial	3,335	1,961	1,374	70.1	%	—	—	—	1.4	1.4
Total net sales and revenue	\$155,427	\$152,256	\$3,171	2.1	%	\$(0.2)	\$1.7	\$2.2	\$(0.5)	\$3.2
	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To					
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total	
	(Dollars in millions)				(Dollars in billions)					
Automotive	\$150,295	\$148,866	\$1,429	1.0	%	\$2.1	\$3.0	\$1.6	\$(5.3)	\$1.4
GM Financial	1,961	1,410	551	39.1	%	—	—	—	0.6	0.6
Total net sales and revenue	\$152,256	\$150,276	\$1,980	1.3	%	\$2.1	\$3.0	\$1.6	\$(4.7)	\$2.0

In the year ended December 31, 2013 Automotive Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing effect due primarily to GMNA of \$1.9 billion; (2) favorable vehicle mix due primarily to GMNA of \$1.3 billion and GMSA of \$0.6 billion; partially offset by (3) Other of \$1.9 billion due primarily to unfavorable net foreign currency effect of \$2.3 billion due from the weakening of the Brazilian Real, Argentinian Peso and Venezuela Bolivar Fuerte against the U.S. Dollar; partially offset by increased other revenue of \$0.4 billion due primarily to increases in OnStar and parts and accessories revenue; and (4) decreased wholesale volumes.

In the year ended December 31, 2013 GM Financial Total sales and revenue increased due primarily to: (1) increased finance charge income of \$1.0 billion due to growth in the portfolio resulting from the acquisition of Ally Financial's international operations and increased originations; and (2) increased leased vehicle income of \$0.3 billion due to the increased size of the leased asset portfolio.

In the year ended December 31, 2012 Automotive Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due primarily to GMSA of \$1.6 billion, GMNA of \$0.7 billion and GME of \$0.4 billion; (2) increased wholesale volumes due primarily to GMNA of \$3.8 billion and GMIO of \$1.4 billion; partially offset by decreases in GME of \$2.4 billion and GMSA of \$0.6 billion; (3) favorable vehicle pricing effect due primarily to GMIO of \$0.8 billion, GMNA of \$0.5 billion and GMSA of \$0.5 billion; partially offset by (4) Other of \$5.3 billion due primarily to unfavorable net foreign currency effect of \$3.7 billion due primarily to the weakening of the Brazilian Real, Euro, Korean Won, Argentinian Peso and South African Zar against the U.S. Dollar; decreased revenues from powertrain and parts sales of \$0.7 billion due to decreased volumes; reduction in favorable lease residual adjustments of \$0.5 billion; decreased revenues from rental car leases of \$0.2 billion; and decreased revenues due to the deconsolidation of VM Motori (VMM) in June 2011 of \$0.1 billion.

In the year ended December 31, 2012 GM Financial Total sales and revenue increased due primarily to: (1) increased finance charge income of \$0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of \$0.2 billion due to the increased size of the leased asset portfolio.



Automotive Cost of Sales

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Other	Total	
	(Dollars in millions)				(Dollars in billions)				
Automotive cost of sales	\$134,925	\$140,236	\$5,311	3.8	%	\$0.3	\$(2.3 )	\$7.3	\$5.3
Automotive gross margin	\$17,167	\$10,059	\$7,108	70.7	%				

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	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To			
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Other	Total
	(Dollars in millions)				(Dollars in billions)			
Automotive cost of sales	\$140,236	\$130,386	\$ (9,850)	(7.6)%	\$(0.9)	\$(3.8)	\$(5.2)	\$(9.9)
Automotive gross margin	\$10,059	\$18,480	\$ (8,421)	(45.6)%				

The most significant element of our Automotive cost of sales is material cost which makes up approximately two-thirds of the total amount excluding adjustments. The remaining portion includes labor costs, depreciation and amortization, engineering, and policy, product warranty and recall campaigns.

In the year ended December 31, 2013 Automotive cost of sales decreased due primarily to: (1) Other of \$7.3 billion due to decreased impairment charges of \$2.8 billion for long-lived assets and intangible assets; decreased pension settlement losses of \$2.5 billion; the favorable effect of \$1.3 billion resulting from the reversal of the Korea wage litigation accrual in 2013 compared to accruals related to the litigation in 2012; favorable net foreign currency effect of \$0.9 billion due primarily to the weakening of the Brazilian Real against the U.S. Dollar; and reduction in unfavorable warranty and policy adjustments of \$0.7 billion; partially offset by increased material and freight costs of \$0.4 billion; increased costs of \$0.2 billion related to parts and accessories sales; and net increased manufacturing expenses of \$0.1 billion due primarily to new launch costs offset by reduced depreciation and amortization; (2) decreased costs related to decreased wholesale volumes; partially offset by (3) unfavorable vehicle mix due primarily to GMNA of \$1.3 billion, GMSA of \$0.4 billion and GMIO of \$0.4 billion.

In the year ended December 31, 2012 Automotive cost of sales increased due primarily to: (1) Other of \$5.2 billion due primarily to increased employee costs of \$4.1 billion including increased pension settlement losses and decreased net pension and other postretirement benefits (OPEB) income and separation costs; impairment charges of \$3.7 billion for long-lived assets and intangible assets; increased manufacturing expense of \$1.4 billion due to new launches; increased policy and product warranty expense of \$0.2 billion; partially offset by favorable net foreign currency effect of \$3.3 billion due primarily to the weakening of the Brazilian Real, Euro, Korean Won, Argentinian Peso and South African Zar against the U.S. Dollar; decreased engineering expense of \$0.5 billion; decreased costs of \$0.3 billion related to powertrain and parts sales; and decreased costs of \$0.1 billion due to the deconsolidation of VMM in June 2011; (2) unfavorable vehicle mix due primarily to GMNA of \$1.3 billion, GMSA of \$1.2 billion and GME of \$0.8 billion; and (3) increased costs related to increased wholesale volumes due primarily to GMNA of \$2.7 billion; partially offset by a decrease in GME of \$1.9 billion.

## GM Financial Operating and Other Expenses

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
GM Financial operating and other expenses	\$2,448	\$1,207	\$785	\$1,241	102.8%	\$422	53.8%

In the year ended December 31, 2013 GM Financial operating and other expenses increased primarily due to: (1) an increase in interest expense of \$0.4 billion due to higher average debt outstanding in 2013 compared to 2012, primarily resulting from the acquisition of Ally Financial's international operations; (2) an increase in employee and other operating costs of \$0.4 billion due primarily to the acquisition of Ally Financial's international operations and an increase in headcount; (3) an increase in the provision for loan losses of \$0.2 billion due primarily to growth of the

consumer loan portfolio; and (4) an increase in depreciation expense of \$0.2 billion due primarily to the increased size of the leased asset portfolio.

In the year ended December 31, 2012 GM Financial operating and other expenses increased primarily due to: (1) an increase in depreciation expense of \$0.1 billion due to the increased size of the leased asset portfolio; (2) an increase in the provision for loan losses of \$0.1 billion due primarily to growth of the consumer loan portfolio; (3) an increase in interest expense of \$0.1 billion due to higher average debt outstanding in 2012 compared to 2011; and (4) an increase in employee costs of \$0.1 billion due primarily to a 9% increase in employee headcount to support growth in GM Financial's business.

Automotive Selling, General and Administrative Expense

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	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Automotive selling, general and administrative expense	\$12,382	\$14,031	\$12,163	\$(1,649)	(11.8)%	\$1,868	15.4%

In the year ended December 31, 2013 Automotive selling, general and administrative expense decreased due primarily to: (1) impairment charges in GME for intangibles and long-lived assets of \$1.8 billion that occurred in 2012 but not in 2013; and (2) a premium paid of \$0.4 billion on the common stock purchase from the UST that occurred in 2012 but not in 2013; partially offset by (3) costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe of \$0.5 billion.

In the year ended December 31, 2012 Automotive selling, general and administrative expense increased due primarily to: (1) impairment charges in GME for intangibles and long-lived assets of \$1.8 billion; and (2) a premium paid of \$0.4 billion on the common stock purchase from the UST; partially offset by (3) favorable net foreign currency effect of \$0.3 billion due to the weakening of certain currencies against the U.S. Dollar.

## Goodwill Impairment Charges

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Goodwill impairment charges	\$541	\$27,145	\$1,286	\$(26,604)	(98.0)%	\$25,859	n.m.

n.m. = not meaningful

In the year ended December 31, 2013 Goodwill impairment charges decreased as we recorded charges of \$0.5 billion in GMIO in 2013 as compared to charges of \$26.4 billion, \$0.6 billion and \$0.2 billion in GMNA, GME and GMIO in 2012. Refer to Note 10 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

In the year ended December 31, 2012 the Goodwill impairment charges increased as we recorded charges of \$26.4 billion, \$0.6 billion and \$0.2 billion in GMNA, GME and GMIO in 2012 as compared to charges of \$1.0 billion and \$0.3 billion in GME and GMIO in 2011. Refer to Note 10 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

## Automotive Interest Expense

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Automotive interest expense	\$334	\$489	\$540	\$(155)	(31.7)%	\$(51)	(9.4)%

In the year ended December 31, 2013 Automotive interest expense decreased due primarily to the redemption of GM Korea's preferred shares in December 2012 and April 2013.

In the year ended December 31, 2012 the decrease in Automotive interest expense was insignificant, as the composition of our debt and related interest rates did not change significantly compared to 2011.

Interest Income and Other Non-Operating Income, net

	Years Ended December 31,			Year Ended 2013 vs.		Year Ended 2012 vs.	
	2013	2012	2011	2012 Change Amount	%	2011 Change Amount	%
Interest income and other non-operating income, net	\$1,063	\$845	\$851	\$218	25.8	%(6 )	(0.7 )%

In the year ended December 31, 2013 Interest income and other non-operating income, net increased due primarily to: (1) a gain of \$0.5 billion related to the sale of our Ally Financial investment in 2013; and (2) favorable effect of \$0.4 billion due to a \$0.2 billion gain on the sale of the PSA stock in 2013 compared to a \$0.2 billion impairment charge in 2012; partially offset by (3)

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

unfavorable \$0.2 billion foreign currency effect related to intercompany foreign currency denominated loans; (4) decreased insurance recoveries of \$0.1 billion; (5) decreased interest income of \$0.1 billion; (6) decreased gain on the sale of machinery and equipment of \$0.1 billion; and (7) unfavorable effect of \$0.1 billion gain on the purchase of GMAC de Venezuela in 2012 that did not occur in 2013.

In the year ended December 31, 2012 Interest income and other non-operating income, net remained flat due primarily to: (1) a gain of \$0.3 billion related to the sale of our Ally Financial preferred stock in 2011 which did not recur in 2012; (2) an impairment charge of \$0.2 billion related to our investment in PSA; (3) a charge of \$0.1 billion to record General Motors Strasbourg S.A.S. (GMS) assets and liabilities to estimated fair value; (4) decreased interest income of \$0.1 billion; and (5) derivative losses of \$0.1 billion related to fair value adjustments; offset by (6) an impairment charge of \$0.6 billion related to our investment in Ally Financial common stock in 2011 which did not recur in 2012; and (7) income related to insurance recoveries of \$0.2 billion.

## Gain (Loss) on Extinguishment of Debt

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Gain (loss) on extinguishment of debt	\$ (212 )	\$ (250 )	\$ 18	\$ 38	15.2	% \$ (268 )	n.m.

n.m. = not meaningful

In the years ended December 31, 2013 and December 31, 2012 we recorded losses on extinguishment of debt primarily related to the early redemption of the GM Korea redeemable preferred shares.

## Equity Income and Gain on Investments

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change		
	2013	2012	2011	Amount	%	Amount	%	
China joint ventures (China JVs)	\$ 1,763	\$ 1,521	\$ 1,511	\$ 242	15.9	% \$ 10	0.7	%
New Delphi (including gain on disposition)	—	—	1,727	—	n.m.	(1,727 )	n.m.	
Others	47	41	(46 )	6	14.6	% 87	n.m.	
Total equity income and gain on investments	\$ 1,810	\$ 1,562	\$ 3,192	\$ 248	15.9	% \$ (1,630 )	(51.1 )%	

n.m. = not meaningful

In the year ended December 31, 2013 Equity income and gain on investments increased due primarily to a \$0.2 billion increase in earnings of our China JVs.

In the year ended December 31, 2012 Equity income and gain on investments decreased due primarily to a \$1.6 billion gain related to the sale of our Delphi Automotive LLP (New Delphi) Class A Membership Interests and related equity income for the year ended December 31, 2011 that did not recur for the year ended December 31, 2012.

## Income Tax Expense (Benefit)

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	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Income tax expense (benefit)	\$2,127	\$(34,831 )	\$(110 )	\$36,958	n.m.	\$(34,721 )	n.m.

n.m. = not meaningful

In the year ended December 31, 2013 our effective tax rate was 28.5%. Income tax expense increased due primarily to the deferred tax asset valuation allowance reversal of \$36.3 billion in the U.S. and Canada that occurred in 2012.

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In the year ended December 31, 2012 income tax benefit increased due primarily to: (1) deferred tax asset valuation allowance reversals of \$36.3 billion in the U.S. and Canada in 2012 as compared to \$0.5 billion in Australia in 2011; and (2) change in U.S. federal tax elections which permitted us to record a tax benefit of \$1.1 billion related to foreign tax credits; partially offset by (3) current year U.S. income tax provision of \$1.4 billion; and (4) income tax allocation from Accumulated other comprehensive loss to Income tax expense (benefit) of \$0.6 billion related to the U.S. salary pension plan.

Refer to Note 18 to our consolidated financial statements for additional information related to our income tax expense (benefit).

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Non-GAAP Measures

Management believes earnings before interest and tax (EBIT)-adjusted provides meaningful supplemental information regarding our automotive segments' operating results because it excludes interest income, interest expense and income taxes as well as certain additional adjustments. Such adjustments include impairment charges related to goodwill, other long-lived assets under certain circumstances and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments.

Management believes free cash flow and adjusted free cash flow provide meaningful supplemental information regarding the liquidity of our automotive operations and our ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations less capital expenditures. We measure adjusted free cash flow as free cash flow adjusted for management actions, primarily related to strengthening our balance sheet, such as accrued interest on prepayments of debt and voluntary contributions to employee benefit plans.

Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe these non-GAAP measures are useful in allowing for greater transparency of our core operations and are therefore used by management in its financial and operational decision-making. Management does not consider the excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes.

While management believes that these non-GAAP measures provide useful information, they are not operating measures under U.S. GAAP and there are limitations associated with their use. Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income, Net income attributable to stockholders or operating cash flow. Due to these limitations, these non-GAAP measures are used as supplements to U.S. GAAP measures.

Management believes income before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.



The following tables summarize the reconciliation of our automotive segments EBIT-adjusted and GM Financial's income before income taxes to Net income attributable to stockholders and provides supplemental detail of the adjustments, which are presented net of noncontrolling interests (dollars in millions):

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	Years Ended December 31,								
	2013			2012			2011		
Automotive EBIT-adjusted									
GMNA	\$7,461	97.1	%	\$6,470	90.9	%	\$6,779	88.2	%
GME	(844 )	(11.0 )	)%	(1,939 )	(27.2 )	)%	(1,041 )	(13.6 )	)%
GMIO	1,230	16.0	%	2,528	35.5	%	2,232	29.1	%
GMSA	327	4.3	%	457	6.4	%	158	2.1	%
Corporate and eliminations	(494 )	(6.4 )	)%	(400 )	(5.6 )	)%	(446 )	(5.8 )	)%
Total automotive EBIT-adjusted	7,680	100.0	%	7,116	100.0	%	7,682	100.0	%
Adjustments	(790 )			(36,106 )			861		
Corporate interest income	249			343			455		
Automotive interest expense	338			489			540		
Loss on extinguishment of debt	212			250			—		
Automotive Financing									
GM Financial income before income taxes	898			744			622		
Adjustments	(15 )			—			—		
Consolidated									
Eliminations	1			(1 )			—		
Income tax expense (benefit)	2,127			(34,831 )			(110 )		
Net income attributable to stockholders	\$5,346			\$6,188			\$9,190		

Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.

	Year Ended December 31, 2013					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Impairment charges of property and intangible assets	\$—	\$—	\$(774 )	\$—	\$—	\$(774 )
Costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe	—	—	(621 )	—	—	(621 )
Reversal of GM Korea wage litigation accrual	—	—	577	—	—	577
Gain on sale of equity investment in Ally Financial	—	—	—	—	483	483
Goodwill impairment charges	—	—	(442 )	—	—	(442 )
Venezuela currency devaluation	—	—	—	(162 )	—	(162 )
Gain on sale of equity investment in PSA	—	152	—	—	—	152
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	67	—	—	67
Pension settlement charges	(56 )	—	—	—	—	(56 )
Charges related to PSA product development agreement	(49 )	—	—	—	—	(49 )
Income related to insurance recoveries	5	1	24	5	—	35
Total adjustments to automotive EBIT	\$(100 )	\$153	\$(1,169 )	\$(157 )	\$483	\$(790 )

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	Year Ended December 31, 2012					Total
	GMNA	GME	GMIO	GMSA	Corporate	
Goodwill impairment charges	\$(26,399)	\$(590 )	\$(132 )	\$—	\$—	\$(27,121)
Impairment charges of property	—	(3,714 )	—	—	—	(3,714 )
Pension settlement charges	(2,662 )	—	—	—	—	(2,662 )
Impairment charges of intangible assets	—	(1,755 )	—	—	—	(1,755 )
Premium paid to purchase our common stock from the UST	—	—	—	—	(402 )	(402 )
GM Korea wage litigation accrual	—	—	(336 )	—	—	(336 )
Impairment charge related to investment in PSA	—	(220 )	—	—	—	(220 )
Income related to insurance recoveries	9	7	112	27	—	155
Charge to record GMS assets and liabilities to estimated fair value	—	(119 )	—	—	—	(119 )
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	68	—	—	68
Total adjustments to automotive EBIT	\$(29,052)	\$(6,391 )	\$(288 )	\$27	\$(402 )	\$(36,106)

	Year Ended December 31, 2011					Total
	GMNA	GME	GMIO	GMSA	Corporate	
Gain on sale of our New Delphi Class A Membership Interests	\$1,645	\$—	\$—	\$—	\$—	\$1,645
Goodwill impairment charges	—	(1,016 )	(258 )	—	—	(1,274 )
Gain related to HCT settlement	749	—	—	—	—	749
Impairment related to Ally Financial common stock	—	—	—	—	(555 )	(555 )
Gain on sale of Ally Financial preferred stock	—	—	—	—	339	339
Charges related to GM India	—	—	(106 )	—	—	(106 )
Gain on extinguishment of debt	—	—	—	63	—	63
Total adjustments to automotive EBIT	\$2,394	\$(1,016 )	\$(364 )	\$63	\$(216 )	\$861

GM North America

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change			Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%		Volume	Mix	Price	Other	Total
	(Dollars in millions)					(Dollars in billions)				
Total net sales and revenue	\$95,099	\$89,910	\$5,189	5.8	%	\$1.7	\$1.3	\$1.9	\$0.3	\$5.2
EBIT-adjusted	\$7,461	\$6,470	\$991	15.3	%	\$0.5	\$—	\$1.9	\$(1.4 )	\$1.0
	(Vehicles in thousands)									
Wholesale vehicle sales	3,276	3,207	69	2.2	%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change			Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%		Volume	Mix	Price	Other	Total
	(Dollars in millions)					(Dollars in billions)				

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Total net sales and revenue	\$89,910	\$85,991	\$3,919	4.6	%	\$3.8	\$0.7	\$0.5	\$(1.1 )	\$3.9
EBIT-adjusted	\$6,470	\$6,779	\$(309 )	(4.6 )	%	\$1.1	\$(0.6 )	\$0.5	\$(1.3 )	\$(0.3 )
	(Vehicles in thousands)									
Wholesale vehicle sales	3,207	3,053	154	5.0	%					

GMNA Total Net Sales and Revenue

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In the year ended December 31, 2013 Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing related to recent vehicle launches such as Chevrolet Silverado and GMC Sierra; (2) increased wholesale volumes due to increased industry demand and successful recent vehicle launches such as the Buick Encore, Cadillac ATS, Chevrolet Silverado, Chevrolet Spark, and GMC Sierra; and (3) favorable vehicle mix related to improving market segments containing higher revenue vehicles including crossovers and trucks.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) increased wholesale volumes due to increased industry demand and successful recent vehicle launches such as the Buick Verano, Cadillac ATS, Cadillac XTS, Chevrolet Sonic and Chevrolet Spark; (2) favorable vehicle mix due to increases in Cadillac ATS, Cadillac XTS, Chevrolet Silverado and GMC Sierra; and (3) favorable vehicle pricing related to recent vehicle launches such as Chevrolet Malibu, Chevrolet Traverse, GMC Acadia and Buick Enclave; partially offset by (4) Other of \$1.1 billion due primarily to reduction in favorable lease residual adjustments of \$0.5 billion; and unfavorable net foreign currency effect of \$0.2 billion due to the weakening of the Canadian Dollar (CAD) and Mexican Peso against the U.S. Dollar.

GMNA EBIT-Adjusted

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate) and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense, and policy and warranty expense. Vehicles with higher selling prices generally have higher variable profit. Trucks sold in the U.S. currently have a variable profit of approximately 160% of our portfolio on a weighted-average basis. Crossover vehicles' variable profits are in line with the overall portfolio on a weighted-average basis, and cars are approximately 50% of the portfolio on a weighted-average basis.

In the year ended December 31, 2013 EBIT-adjusted increased due primarily to: (1) favorable vehicle pricing; and (2) increased wholesale volumes; partially offset by (3) unfavorable Other of \$1.4 billion primarily due to increased material and freight costs including new launches of \$1.1 billion; increased manufacturing expense, including new launches, of \$0.3 billion; increased engineering expense of \$0.3 billion; and increased depreciation and amortization expense of \$0.2 billion, partially offset by a reduction in unfavorable warranty and policy adjustments of \$0.6 billion.

In the year ended December 31, 2012 EBIT-adjusted decreased due primarily to: (1) unfavorable vehicle mix due to increase in lower margin vehicles; and (2) Other of \$1.3 billion due primarily to decreased U.S. pension income of \$0.8 billion due to December 31, 2011 plan remeasurements; increased manufacturing expense, including new launches, of \$0.6 billion; reduction in favorable lease residual adjustments of \$0.5 billion; and unfavorable policy and warranty adjustments of \$0.2 billion; partially offset by decreased engineering expense and other technology fees of \$0.5 billion; and decreased material and freight costs of \$0.4 billion. These were partially offset by: (3) increased net wholesale volumes; and (4) favorable vehicle pricing effect.

GM Europe

During the second half of 2011 and continuing into 2013, the European automotive industry has been severely affected by high unemployment and a lack of consumer confidence coupled with manufacturing overcapacity. European automotive industry sales to retail and fleet customers were 19 million vehicles in the year ended December 31, 2013, representing a 1.1% decrease compared to the corresponding period in 2012.

## Outlook

We have formulated a plan and are implementing various actions to strengthen our operations and increase our competitiveness. The key areas include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, including restructuring activities. The success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external factors which are outside of our control. We believe it is likely that adverse economic conditions and their effect on the European automotive industry will not improve significantly in the near-term; however, we expect to break even in GME by mid-decade.

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

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	\$20,110	\$20,689	\$(579)	(2.8)%	\$(0.6)	\$—	\$(0.2)	\$0.2	\$(0.6)
EBIT (loss)-adjusted	\$(844)	\$(1,939)	\$1,095	(56.5)%	\$(0.1)	\$(0.2)	\$(0.2)	\$1.6	\$1.1
	(Vehicles in thousands)								
Wholesale vehicle sales	1,047	1,079	(32)	(3.0)%					
	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	\$20,689	\$25,154	\$(4,465)	(17.8)%	\$(2.4)	\$0.4	\$(0.2)	\$(2.3)	\$(4.5)
EBIT (loss)-adjusted	\$(1,939)	\$(1,041)	\$(898)	86.3%	\$(0.5)	\$(0.4)	\$(0.2)	\$0.2	\$(0.9)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,079	1,240	(161)	(13.0)%					

## GME Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes due to the weak European economy; and (2) unfavorable vehicle pricing primarily resulting from increased incentive support associated with difficult market conditions; partially offset by (3) Other of \$0.2 billion due primarily to favorable net foreign currency effect.

In the year ended December 31, 2012 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes due to the weak European economy; (2) unfavorable price effects primarily resulting from increased incentive support associated with strong competition; and (3) Other of \$2.3 billion due primarily to unfavorable net foreign currency effect of \$1.7 billion resulting from the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira and British Pound; decreased parts, accessories and powertrain engine and transmission sales of \$0.5 billion associated with lower demand; and a decrease of \$0.1 billion due to the deconsolidation of VMM in June 2011; partially offset by (4) favorable vehicle mix due to the new generation Astra GTC, Opel Mokka and Ampera and increased sales of other higher priced vehicles.

## GME EBIT (Loss)-Adjusted

In the year ended December 31, 2013 EBIT (loss)-adjusted decreased due primarily to: (1) Other of \$1.6 billion due primarily to decreased manufacturing costs of \$0.7 billion mainly resulting from decreased depreciation expense because of asset impairments in December 2012, which decreased the depreciable base; decreased engineering expenses of \$0.3 billion; favorable material and freight costs of \$0.3 billion; and a favorable net effect of changes in

the fair value of an embedded foreign currency derivative asset of \$0.2 billion associated with a long-term supply agreement; partially offset by (2) unfavorable net vehicle mix due to lower proportion of higher priced vehicles; (3) unfavorable vehicle pricing; and (4) decreased wholesale volumes.

In the year ended December 31, 2012 EBIT (loss)-adjusted increased due primarily to: (1) decreased wholesale volumes; (2) unfavorable net vehicle mix; and (3) unfavorable price effects; partially offset by (4) Other of \$0.2 billion due primarily to lower manufacturing and material costs of \$0.4 billion; and favorable net foreign currency effect of \$0.1 billion resulting from the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound; partially offset by a decrease of \$0.2 billion resulting from the net effect of changes in an embedded foreign currency derivative asset associated with a long-term supply agreement; and decreased parts, accessories and powertrain engine and transmission sales of \$0.2 billion, associated with lower demand.

#### GM International Operations

We have strategically assessed the manner in which we operate in certain countries within GMIO, including our cost structure, the level of local sourcing, the level of investment in the product portfolio, the allocation of production activity to the existing manufacturing base and our brand strategy. These strategic reviews considered the effects that recent and forecasted deterioration



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in local market conditions would have on our operations. While we are continuing our strategic assessments, we have taken certain actions and incurred impairment and other charges as detailed below.

Withdrawal of the Chevrolet Brand from Europe

In December 2013 we announced our plans to cease mainstream distribution of Chevrolet brand in Western and Central Europe in 2015 due to the challenging business model and difficult economic situation in Europe. The results of our Chevrolet operations in Western and Central Europe, which are subsidiaries of our GM Korea operations, are reflected in the financial results of our GMIO region. This action is expected to improve our European operations through a further strengthening of our Opel and Vauxhall brands and reduce the market complexity associated with both Opel and Chevrolet products in Western and Central Europe. In the three months ended December 31, 2013 we recorded pre-tax charges of \$0.6 billion, net of noncontrolling interests of 23.0%, consisting of intangible asset impairment charges, dealer restructuring costs, sales incentive and inventory related costs and employee severance and other costs. We may incur additional charges of up to \$0.3 billion through the first half of 2014 primarily for dealer restructuring costs and sales incentives. Refer to Note 19 of our consolidated financial statements for additional information.

Holden

In December 2013 we announced plans to cease vehicle and engine manufacturing and significantly reduce engineering operations at Holden by the end of 2017. Holden will continue to sell imported vehicles through its Holden dealer network and maintain its global design studio. Our Australian operations have been subject to unfavorable market conditions including the sustained strength of the Australian dollar, high cost of production and a small but highly competitive and fragmented domestic automotive market. In the three months ended December 31, 2013 we recorded pre-tax charges of \$0.5 billion consisting of asset impairment charges including property, plant and equipment and exit-related costs including certain employee severance related costs. We expect to incur additional charges through 2017 for incremental future cash payments of employee severance once negotiations of the amount are completed. Refer to Note 19 of our consolidated financial statements for additional information.

GM India

In the three months ended December 31, 2013 we performed a strategic assessment of GM India in response to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. As a result we recorded pre-tax asset impairment charges of \$0.3 billion, net of noncontrolling interests of 9.2%, to adjust the carrying amount of GM India's real and personal property, Intangible assets, net and Goodwill. Our strategic assessment also outlines planned actions requiring additional future investments and modifications to our existing GM India business model that are needed to reach profitability in the medium to long-term. There are no assurances that the forecasted financial results outlined in the strategic assessment will be achieved. Refer to Note 9 of our consolidated financial statements for additional information.

Goodwill Impairment Charges

We recorded Goodwill impairment charges of \$0.5 billion in the year ended December 31, 2013 primarily related to our GM Korea and GM India reporting units.

Focus on Chinese Market

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

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

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,			
	2013	2012	2011	
Total wholesale vehicles(a)	3,239	2,909	2,573	
Market share	14.3	% 14.6	% 13.6	%
Total net sales and revenue	\$38,767	\$33,364	\$30,511	
Net income	\$3,685	\$3,198	\$3,203	

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

	December 31, 2013	December 31, 2012
Cash and cash equivalents	\$6,606	\$5,522
Debt	\$151	\$123

## GMIO Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	\$20,263	\$22,954	\$(2,691)	(11.7)%	\$(1.3)	\$(0.1)	\$(0.5)	\$(0.8)	\$(2.7)
EBIT-adjusted	\$1,230	\$2,528	\$(1,298)	(51.3)%	\$(0.3)	\$(0.5)	\$(0.3)	\$(0.2)	\$(1.3)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,037	1,109	(72)	(6.5)%					
	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	\$22,954	\$21,031	\$1,923	9.1%	\$1.4	\$0.3	\$0.8	\$(0.6)	\$1.9
EBIT-adjusted	\$2,528	\$2,232	\$296	13.3%	\$0.5	\$(0.1)	\$0.8	\$(0.9)	\$0.3
	(Vehicles in thousands)								
Wholesale vehicle sales	1,109	1,039	70	6.7%					

## GMIO Total Net Sales and Revenue

The vehicle sales of our China JVs and of GM India prior to September 1, 2012, the date we consolidated GM India, are not recorded in Total net sales and revenue. The results of our nonconsolidated joint ventures are recorded in Equity income and gain on investments. Refer to Notes 3 and 8 to our consolidated financial statements for further detail on the acquisition of GM India.

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volume of 129,000 vehicles (or 11.6%) primarily in Middle East and Chevrolet brand vehicles in Europe partially offset by an increase from the consolidation of GM India effective September 2012 resulting in an additional 57,000

wholesale vehicle sales (or 5.0%) in 2013; (2) unfavorable pricing due to increased incentive support associated with strong competition; (3) unfavorable vehicle mix; and (4) Other of \$0.8 billion due primarily to unfavorable net foreign currency effect due to the weakening of the Australian Dollar, the South Africa Rand and the Egyptian Pound against the U.S. Dollar of \$0.5 billion and decreased sales of components, parts and accessories of \$0.3 billion.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) increased wholesale volume of 41,000 vehicles (of 4.0%) due primarily to strong industry growth across the region; coupled with an increase from the consolidation of GM India effective September 2012 resulting in an inclusion of 29,000 wholesale vehicle sales (or 2.8%); (2) favorable pricing due to higher pricing on new models launched; and (3) favorable vehicle mix due to increased export of new product; partially offset by (4) Other of \$0.6 billion due primarily to unfavorable net foreign currency effect due to the weakening of the Korean Won and South Africa Rand against the U.S. Dollar of \$0.5 billion; and decrease in components, parts and accessories revenue of \$0.1 billion.

GMIO EBIT-Adjusted

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In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) unfavorable net vehicle mix primarily in Middle East and Australian markets; (2) unfavorable pricing excluding \$0.2 billion sales incentive related to withdrawal of the Chevrolet brand from Europe; (3) unfavorable net wholesale volumes; and (4) Other of \$0.2 billion due primarily to unfavorable manufacturing costs of \$0.3 billion; unfavorable net foreign currency effect of \$0.2 billion; and a decrease in sales of components, parts and accessories of \$0.2 billion; partially offset by favorable material and freight cost of \$0.3 billion; and increased equity income, net of tax of \$0.2 billion, from our interest in the increased net income of our China JVs.

In the year ended December 31, 2012 EBIT-adjusted increased due primarily to: (1) favorable pricing due to higher pricing on new models launched; and (2) favorable net wholesale volumes; partially offset by (3) unfavorable net vehicle mix; and (4) Other of \$0.9 billion due primarily to increased costs of \$1.0 billion due primarily to increased material, freight and manufacturing costs; partially offset by net gain of \$0.1 billion measured as the difference between the fair value of our 50% interest in GM India and the investment carrying amount at the date of acquisition.

GM South America

Venezuelan Operations

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

Effective February 13, 2013 the Venezuelan government set the official fixed exchange rate of the Bolivar Fuerte (BsF) at BsF 6.3 to \$1.00 from BsF 4.3 to \$1.00. The devaluation resulted in a charge of \$0.2 billion in the three months ended March 31, 2013 from the remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We believe it is possible that the Venezuelan government may further devalue the BsF against the U.S. Dollar in the future. If the BsF were devalued further, it would result in a charge to our income statement in the period of devaluation. Based on our December 31, 2013 net monetary assets, a charge of approximately \$0.1 billion would result for every 10% devaluation of the BsF.

In December 2013 a new decree became effective requiring the government of Venezuela to set prices for all vehicles, parts and accessories sold in the country. In addition the Venezuelan government has foreign exchange control regulations that make it difficult to convert BsF to U.S. Dollars which affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations and to pay dividends. In January 2014 the Venezuelan government announced changes to the foreign exchange process which could affect the rate at which our Venezuelan subsidiaries buy dollars. These regulations, when considered with other governmental policies impacting labor force reductions and other circumstances in Venezuela, may limit our ability to fully benefit from and maintain our controlling financial interest in our Venezuelan subsidiaries. The financial impact on our operations in Venezuela of these events and associated ongoing restrictions are uncertain.

The total amounts pending government approval for settlement in U.S. Dollar at December 31, 2013 and 2012 were BsF 3.7 billion (equivalent to \$0.6 billion) and BsF 2.2 billion (equivalent to \$0.5 billion). These amounts include requests in the amount of BsF 0.6 billion (equivalent to \$0.1 billion) that have been pending from 2007. Our Venezuelan subsidiaries net assets were \$0.9 billion at December 31, 2013, including net monetary assets of \$1.0 billion. At December 31, 2013 other consolidated entities had receivables from our Venezuelan subsidiaries denominated in other currencies of \$0.5 billion.

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GMSA Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change			Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%		Volume	Mix	Price	Other	Total
	(Dollars in millions)					(Dollars in billions)				
Total net sales and revenue	\$16,478	\$16,700	\$(222)	(1.3)	%	\$—	\$0.6	\$0.9	\$(1.7)	\$(0.2)
EBIT-adjusted	\$327	\$457	\$(130)	(28.4)	%	\$—	\$0.3	\$0.9	\$(1.3)	\$(0.1)
	(Vehicles in thousands)									
Wholesale vehicle sales	1,053	1,050	3	0.3	%					

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change			Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%		Volume	Mix	Price	Other	Total
	(Dollars in millions)					(Dollars in billions)				
Total net sales and revenue	\$16,700	\$16,632	\$68	0.4	%	\$(0.6 )	\$1.6	\$0.5	\$(1.4 )	\$0.1
EBIT-adjusted	\$457	\$158	\$299	189.2	%	\$(0.2 )	\$0.4	\$0.5	\$(0.4 )	\$0.3
	(Vehicles in thousands)									
Wholesale vehicle sales	1,050	1,090	(40 )	(3.7 )	%					

n.m. = not meaningful

## GMSA Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) Other of \$1.7 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of \$1.9 billion; partially offset by increased revenue from parts and accessories sales of \$0.1 billion; partially offset by (2) favorable vehicle pricing primarily due to high inflation in Venezuela and Argentina; and (3) favorable vehicle mix due to increased sales of the Chevrolet Trailblazer, Chevrolet Captiva, Chevrolet Orlando, Chevrolet Tahoe and Chevrolet S10.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due to increased sales of Chevrolet Cruze and Chevrolet S10; and (2) favorable vehicle pricing primarily due to high inflation in Venezuela and Argentina; partially offset by (3) decreased wholesale volumes due to deteriorated market share driven by increased competition and aggressive pricing in the market; and (4) Other of \$1.4 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the BsF of \$1.5 billion; partially offset by increased revenue from parts and accessories sales of \$0.1 billion.

## GMSA EBIT-Adjusted

In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) Other of \$1.3 billion due primarily to unfavorable net foreign currency effect as a result of the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of \$1.1 billion; increased selling, general and administrative expense mainly due to a decrease in contingency reserves of \$0.1 billion in the corresponding period of 2012 due to the resolution of certain items at amounts lower than previously expected; and a gain of \$50 million on the purchase of GMAC de Venezuela CA in the corresponding period of 2012; partially offset by (2) favorable vehicle pricing effect primarily driven by high inflation in Venezuela and Argentina; and (3) favorable net vehicle mix.

In the year ended December 31, 2012 EBIT-adjusted increased due primarily to: (1) favorable vehicle pricing; and (2) favorable net vehicle mix; partially offset by (3) unfavorable net wholesale volumes; and (4) Other of \$0.4 billion due primarily to increased material, freight and manufacturing costs of \$0.5 billion; and increased administrative and advertising and sales promotion expenses of \$0.1 billion to support launches of new products; partially offset by decreases in contingency reserves of \$0.1 billion due to the resolution of certain items at amounts lower than

previously expected; and a bargain purchase gain of \$50 million on the purchase of GMAC de Venezuela CA.

GM Financial

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change			
	2013	2012	2011	Amount	%	Amount	%		
	(Dollars in millions)								
Total revenue	\$3,344	\$1,961	\$1,410	\$1,383	70.5	%	\$551	39.1	%
Provision for loan losses	\$475	\$304	\$178	\$171	56.3	%	\$126	70.8	%
Income before income taxes	\$883	\$744	\$622	\$139	18.7	%	\$122	19.6	%
	(Dollars in billions)								
Average debt outstanding	\$21.0	\$9.5	\$7.6	\$11.5	121.1	%	\$1.9	25.0	%
Effective rate of interest paid	3.4	% 3.0	% 2.7	% 0.4	%		0.3	%	

## GM Financial Revenue

In the year ended December 31, 2013 Total revenue increased due primarily to: (1) increased finance charge income of \$1.0 billion due to the acquisition of Ally Financial international operations and increased loan originations; and (2) increased leased vehicle income of \$0.3 billion due to a larger lease portfolio.

In the year ended December 31, 2012 Total revenue increased due primarily to: (1) increased finance charge income of \$0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of \$0.2 billion due to the increased size of the leased asset portfolio.

## GM Financial Income Before Income Taxes

In the year ended December 31, 2013 Income before income taxes increased due primarily to: (1) increased revenue of \$1.0 billion; partially offset by (2) increased provision for loan losses; (3) increased interest expenses of \$0.4 billion; and (4) increased operating expenses of \$0.4 billion. These changes are due primarily to the acquisition of the Ally Financial international operations.

In the year ended December 31, 2012 Income before income taxes increased due primarily to: (1) increased revenue of \$0.6 billion; partially offset by (2) increased leased vehicle expenses of \$0.1 billion due to a larger lease portfolio; (3) increased provision for loan losses due to a larger loan portfolio; (4) increased interest expenses of \$0.1 billion due primarily to new debt; and (5) increased operating expenses of \$0.1 billion due to an increase of personnel to support company growth.

## Corporate

(Dollars in Millions)

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change			
	2013	2012	2011	Amount	%	Amount	%		
Net income (loss) attributable to stockholders	\$(2,138 )	\$33,809	\$(452 )	\$(35,947 )	n.m.		\$34,261	n.m.	

n.m. = not meaningful

Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

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The following table summarizes the changes in Corporate Net income (loss) attributable to stockholders (dollars in billions):

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended	
	2013 vs. 2012	2012 vs. 2011
Deferred tax asset valuation allowance release in U.S. and Canada	\$(36.3 )	\$36.3
Other tax related matters	(0.5 )	(1.4 )
Impairment of investment in Ally Financial common stock	—	0.6
Premium paid to purchase common stock from UST	0.4	(0.4 )
Gain on sale of Ally Financial preferred and common stock	0.5	(0.3 )
Loss on extinguishment of debt	—	(0.3 )
Other	—	(0.2 )
	\$(35.9 )	\$34.3

## Liquidity and Capital Resources

## Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facilities will be sufficient to meet our liquidity needs. However we expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are centered around three objectives: (1) reinvest in our business; (2) continue to strengthen our balance sheet and competitive position; and (3) return cash to shareholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures of approximately \$7.5 billion annually as well as engineering and product development activities; (2) acquiring Ally Financial's equity interests in GMAC-SAIC, as subsequently discussed, for approximately \$0.9 billion; (3) payments for previously announced restructuring activities of up to \$1.1 billion; (4) payments to service debt and other long-term obligations; (5) payments to purchase the remaining outstanding shares of our Series A Preferred Stock with a liquidation amount of \$3.9 billion once the shares become redeemable on or after December 31, 2014; and (6) dividend payments on our common stock that are declared by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the "Risk Factors" section of this 2013 Form 10-K, some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

## Recent Management Initiatives

We continue to monitor and evaluate opportunities to strengthen our balance sheet and competitive position over the long-term. These actions may include opportunistic payments to reduce our long-term obligations while maintaining minimal financial leverage as well as the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may include additional loans, investments with our joint venture partners or the acquisitions of certain operations or ownership stakes in outside businesses. These actions may negatively impact our liquidity in the short-term.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire Ally Financial's automotive finance and financial services businesses in Europe and Latin America and Ally Financial's equity interests in GMAC-SAIC for approximately \$4.2 billion. GM Financial has completed the acquisitions of Ally Financial's European and Latin American automotive finance operations for \$3.3 billion in 2013. Increases in GM Financial receivables and GM Financial Short-term and Long-term debt in 2013 compared to 2012 were due primarily to the

acquisition. Refer to Note 3 to our consolidated financial statements for additional information on these acquisitions.

In April 2013 GM Korea made a payment of \$0.7 billion to acquire, prior to the mandatory redemption date, the remaining balance of GM Korea's seven percent mandatorily redeemable preferred shares that had a carrying amount of \$0.5 billion. We recorded the difference of \$0.2 billion as a loss on extinguishment of debt.

In September 2013 we issued \$4.5 billion in aggregate principal amount of senior unsecured notes comprising \$1.5 billion of 3.5% notes due in 2018, \$1.5 billion of 4.875% notes due in 2023 and \$1.5 billion of 6.25% notes due in 2043. We used proceeds from the issuance of these notes to purchase 120 million shares of our Series A Preferred Stock from the New VEBA for a total

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price of \$3.2 billion, which was equal to 108.1% of their aggregate liquidation amount. The Series A Preferred Stock accrues cumulative dividends at a 9% annual rate. We recorded a loss for the difference between the carrying amount of the Series A Preferred Stock purchased of \$2.4 billion and the consideration paid of \$3.2 billion, which reduced Net income attributable to common stockholders by \$0.8 billion.

In October 2013 we used proceeds from the issuance of the senior unsecured notes to make a payment of \$1.2 billion to prepay notes issued to the HCT. The HCT notes accrued interest at a 7% annual rate. This transaction and the purchase of the Series A Preferred Stock from the New VEBA lowered our overall cost of funding as the senior unsecured notes carry a lower interest rate than the dividends on the Series A Preferred Stock and the interest rate on the HCT notes.

In December 2013 we sold our investment in Ally Financial's common stock for \$0.9 billion. Also in December 2013 we sold our seven percent equity stake in PSA for \$0.3 billion. These transactions released capital from non-core investment assets and allow the funds to be used for other corporate purposes.

Automotive

Available Liquidity

Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. At December 31, 2013 our total available liquidity was \$38.3 billion, including funds available under credit facilities of \$10.4 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Available liquidity held within North America and at our regional treasury centers represented approximately 84% of our available liquidity at December 31, 2013. A portion of our available liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and corporate debt securities, and are primarily denominated in U.S. Dollars. We expect to maintain a sufficient amount of CAD denominated cash investments to offset certain CAD denominated liabilities, which primarily relate to pension and OPEB liabilities. These cash investments will incur foreign currency exchange gains or losses based on the movement of the CAD in relation to the U.S. Dollar and will therefore reduce our net CAD foreign currency exchange exposure. We held cash investments in CAD denominated securities of \$1.7 billion at December 31, 2013. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

Our investment guidelines, which we may change from time to time, prescribe certain minimum credit worthiness thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers.

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity and to fund working capital needs at certain of our subsidiaries. The total size of our credit facilities was \$11.2 billion and \$11.4 billion at December 31, 2013 and 2012. Our primary borrowing capacity under credit facilities comes from our secured revolving credit facilities comprising a three-year, \$5.5 billion facility maturing in 2015 and a five-year, \$5.5

billion facility maturing in 2017. We have not borrowed against these facilities, but have amounts in use under the letter of credit sub-facility of \$0.6 billion at December 31, 2013. GM Financial has not borrowed against the three-year facility. Refer to Note 14 to our consolidated financial statements for additional details on our secured revolving credit facilities.

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

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	December 31, 2013	December 31, 2012
Cash and cash equivalents	\$18,947	\$17,133
Marketable securities	8,972	8,988
Available liquidity	27,919	26,121
Available under credit facilities	10,404	11,119
Total available liquidity	\$38,323	\$37,240

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

	Year Ended 2013 vs 2012
Operating cash flow	\$11.0
Less: capital expenditures	(7.5 )
Sale of investments in Ally Financial and PSA	1.2
Capital contribution to GM Financial for the acquisition of the Ally Financial international operations	(1.3 )
Dividends paid	(0.9 )
Decrease in available credit facilities	(0.7 )
Effect of foreign currency	(0.4 )
Other	(0.3 )
Total change in available liquidity	\$1.1

## Cash Flow

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

	Years Ended December 31,		
	2013	2012	2011
Operating Activities			
Net income	\$4.7	\$5.6	\$8.9
Depreciation, amortization and impairments	7.6	38.5	7.3
Pension & OPEB activities	(0.8 )	(0.5 )	(3.0 )
Working capital	(0.5 )	(0.7 )	(2.2 )
Deferred tax valuation allowance release in the U.S. and Canada	—	(36.3 )	—
Other	—	3.0	(3.6 )
Cash flows from operating activities	\$11.0	\$9.6	\$7.4

Depreciation, amortization and impairments included goodwill impairments of \$0.5 billion, \$27.1 billion and \$1.3 billion and impairment charges of property and intangible assets of \$1.4 billion, \$5.5 billion and \$0.1 billion in the year ended December 31, 2013, 2012 and 2011. In the year ended December 31, 2012 significant Pension and OPEB activities included contributions to the U.S. salaried pension plan of \$2.3 billion for the purchase of annuity contracts and associated pension settlement charges of \$2.7 billion. In the year ended December 31, 2011 significant Pension and OPEB activities included a cash contribution as part of the HCT settlement of \$0.8 billion and a gain associated with the HCT settlement of \$0.7 billion. In the year ended December 31, 2012 Other was due primarily to favorable movements in dealer and customer allowances of \$0.9 billion, other deferred tax provisions of \$0.9 billion and policy and warranty of \$0.6 billion. In the year ended December 31, 2011 Other was due primarily to gains on the sale of our investments in New Delphi Class A Membership Interests and Ally Financial preferred stock of \$2.0 billion,

unfavorable movements in accrued and other liabilities of \$0.7 billion and equipment on operating leases of \$0.5 billion.

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,		
	2013	2012	2011
Investing Activities			
Capital expenditures	\$ (7.5 )	\$ (8.1 )	\$ (6.2 )
Liquidations (acquisitions) of marketable securities, net	0.1	6.9	(10.6 )
Sale of our investment in Ally Financial	0.9	—	1.0
Sale of our investment in Delphi	—	—	3.8
Other	0.4	0.5	1.4
Cash flows from investing activities	\$ (6.1 )	\$ (0.7 )	\$ (10.6 )

Changes in the (Acquisitions) liquidations of marketable securities, net were due to varying maturities of investments as we rebalanced our investment portfolio in the normal course of business. Other was due primarily to the release of restricted cash, including the release of \$1.0 billion associated with the implementation of the HCT in the year ended December 31, 2011.

	Years Ended December 31,		
	2013	2012	2011
Financing Activities			
Issuance of senior unsecured notes	\$4.5	\$—	\$—
Prepayment of HCT notes	(1.1 )	—	—
Early redemption of GM Korea preferred stock	(0.7 )	(0.7 )	