General Motors Co
Form 10-Q
April 26, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004
Form 10-Q
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2018
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-34960
GENERAL MOTORS COMPANY
(Exact name of registrant as specified in its charter)

STATE OF DELAWARE	27-0756180
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
300 Renaissance Center, Detroit, Michigan	48265-3000
(Address of principal executive offices)	(Zip Code)

(313) 667-1500
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨ Emerging growth company ¨
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ
As of April 13, 2018 the number of shares outstanding of common stock was 1,409,232,569 shares.

INDEX

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

Item 1. Condensed Consolidated Financial Statements

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

	Three Months Ended	
	March 31, 2018	March 31, 2017
Net sales and revenue		
Automotive	$32,691	$34,519
GM Financial	3,408	2,747
Total net sales and revenue (Note 3)	36,099	37,266
Costs and expenses		
Automotive cost of sales	30,184	29,761
GM Financial interest, operating and other expenses	3,014	2,566
Automotive selling, general and administrative expense	2,372	2,356
Total costs and expenses	35,570	34,683
Operating income	529	2,583
Automotive interest expense	150	147
Interest income and other non-operating income, net	549	482
Equity income (Note 8)	648	555
Income before income taxes	1,576	3,473
Income tax expense (Note 15)	466	787
Income from continuing operations	1,110	2,686
Loss from discontinued operations, net of tax (Note 19)	70	69
Net income	1,040	2,617
Net (income) loss attributable to noncontrolling interests	6	(9)
Net income attributable to stockholders	$1,046	$2,608
Net income attributable to common stockholders	$1,032	$2,608
Earnings per share (Note 18)		
Basic earnings per common share – continuing operations	$0.78	$1.78
Basic loss per common share – discontinued operations	$0.05	$0.05
Basic earnings per common share	$0.73	$1.73
Weighted-average common shares outstanding – basic	1,408	1,505
Diluted earnings per common share – continuing operations	$0.77	$1.75
Diluted loss per common share – discontinued operations	$0.05	$0.05
Diluted earnings per common share	$0.72	$1.70
Weighted-average common shares outstanding – diluted	1,430	1,532
Dividends declared per common share	$0.38	$0.38

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions) (Unaudited)

	Three Months Ended	
	March 31, 2018	March 31, 2017
Net income	$ 1,040	$ 2,617
Other comprehensive income, net of tax (Note 17)		
Foreign currency translation adjustments and other	34	108
Defined benefit plans	(7)	(29)
Other comprehensive income, net of tax	27	79
Comprehensive income	1,067	2,696
Comprehensive (income) loss attributable to noncontrolling interests	7	(8)
Comprehensive income attributable to stockholders	$ 1,074	$ 2,688

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

1

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts) (Unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	$14,256	$ 15,512
Marketable securities (Note 4)	7,110	8,313
Accounts and notes receivable, net	10,769	8,164
GM Financial receivables, net (Note 5; Note 9 at VIEs)	21,157	20,521
Inventories (Note 6)	11,461	10,663
Equipment on operating leases, net (Note 7)	789	1,106
Other current assets (Note 4; Note 9 at VIEs)	5,893	4,465
Total current assets	71,435	68,744
Non-current Assets		
GM Financial receivables, net (Note 5; Note 9 at VIEs)	22,146	21,208
Equity in net assets of nonconsolidated affiliates (Note 8)	9,883	9,073
Property, net	37,321	36,253
Goodwill and intangible assets, net	5,790	5,849
Equipment on operating leases, net (Note 7; Note 9 at VIEs)	43,444	42,882
Deferred income taxes	23,538	23,544
Other assets (Note 4; Note 9 at VIEs)	5,169	4,929
Total non-current assets	147,291	143,738
Total Assets	$218,726	$ 212,482
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	$26,039	$ 23,929
Short-term debt and current portion of long-term debt (Note 10)		
Automotive	4,341	2,515
GM Financial (Note 9 at VIEs)	25,006	24,450
Accrued liabilities	27,330	25,996
Total current liabilities	82,716	76,890
Non-current Liabilities		
Long-term debt (Note 10)		
Automotive	10,957	10,987
GM Financial (Note 9 at VIEs)	58,514	56,267
Postretirement benefits other than pensions (Note 13)	5,927	5,998
Pensions (Note 13)	13,209	13,746
Other liabilities	11,945	12,394
Total non-current liabilities	100,552	99,392
Total Liabilities	183,268	176,282
Commitments and contingencies (Note 14)		
Equity (Note 17)		
Common stock, $0.01 par value	14	14
Additional paid-in capital	25,337	25,371
Retained earnings	17,028	17,627
Accumulated other comprehensive loss	(8,081)	(8,011)

Total stockholders' equity	34,298	35,001
Noncontrolling interests	1,160	1,199
Total Equity	35,458	36,200
Total Liabilities and Equity	$218,726	$ 212,482

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions) (Unaudited)

	Three Months Ended	
	March 31, 2018	March 31, 2017
Cash flows from operating activities		
Income from continuing operations	$1,110	$2,686
Depreciation, amortization and impairment charges	3,581	2,743
Foreign currency remeasurement and transaction losses	243	144
Undistributed earnings of nonconsolidated affiliates, net	(648)	(555)
Pension contributions and OPEB payments	(400)	(382)
Pension and OPEB income, net	(300)	(200)
Provision for deferred taxes	365	1,036
Change in other operating assets and liabilities	(3,503)	(3,674)
Net cash provided by operating activities – continuing operations	448	1,798
Net cash provided by operating activities – discontinued operations	—	243
Net cash provided by operating activities	448	2,041
Cash flows from investing activities		
Expenditures for property	(2,272)	(1,730)
Available-for-sale marketable securities, acquisitions	(914)	(1,316)
Available-for-sale marketable securities, liquidations	2,062	2,914
Purchases of finance receivables, net	(4,925)	(5,402)
Principal collections and recoveries on finance receivables	3,478	2,808
Purchases of leased vehicles, net	(4,496)	(4,727)
Proceeds from termination of leased vehicles	2,379	1,079
Other investing activities	(40)	1
Net cash used in investing activities – continuing operations	(4,728)	(6,373)
Net cash provided by (used in) investing activities – discontinued operations (Note 19)	166	(432)
Net cash used in investing activities	(4,562)	(6,805)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	120	(360)
Proceeds from issuance of debt (original maturities greater than three months)	11,334	11,280
Payments on debt (original maturities greater than three months)	(6,832)	(5,141)
Payments to purchase common stock	(100)	—
Dividends paid	(566)	(573)
Other financing activities	(187)	(144)
Net cash provided by financing activities – continuing operations	3,769	5,062
Net cash used in financing activities – discontinued operations	—	(15)
Net cash provided by financing activities	3,769	5,047
Effect of exchange rate changes on cash, cash equivalents and restricted cash	44	103
Net increase (decrease) in cash, cash equivalents and restricted cash	(301)	386
Cash, cash equivalents and restricted cash at beginning of period	17,848	15,160
Cash, cash equivalents and restricted cash at end of period	$17,547	$15,546
Cash, cash equivalents and restricted cash – continuing operations at end of period (Note 4)	$17,547	$14,955
Cash, cash equivalents and restricted cash – discontinued operations at end of period	$—	$591

Significant Non-cash Investing and Financing Activity		
Non-cash property additions – continuing operations	$2,675	$1,981
Non-cash property additions – discontinued operations	$—	$288

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

3

Table of Contents
GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In millions) (Unaudited)

	Common Stockholders'					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
Balance at January 1, 2017	$15	$26,983	$26,168	$ (9,330)	$ 239	$44,075
Net income	—	—	2,608	—	9	2,617
Other comprehensive income	—	—	—	80	(1)	79
Exercise of common stock warrants	—	4	—	—	—	4
Stock based compensation	—	24	(8)	—	—	16
Cash dividends paid on common stock	—	—	(573)	—	—	(573)
Other	—	1	—	—	(5)	(4)
Balance at March 31, 2017	$15	$27,012	$28,195	$ (9,250)	$ 242	$46,214
Balance at January 1, 2018	$14	$25,371	$17,627	$ (8,011)	$ 1,199	$36,200
Adoption of accounting standards (Note 1)	—	—	(1,046)	(98)	—	(1,144)
Net income	—	—	1,046	—	(6)	1,040
Other comprehensive income	—	—	—	28	(1)	27
Purchase of common stock	—	(44)	(56)	—	—	(100)
Cash dividends paid on common stock	—	—	(536)	—	—	(536)
Dividends to noncontrolling interests	—	—	—	—	(30)	(30)
Other	—	10	(7)	—	(2)	1
Balance at March 31, 2018	$14	$25,337	$17,028	$ (8,081)	$ 1,160	$35,458

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

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

Note 1. Nature of Operations and Basis of Presentation
General Motors Company (sometimes referred to in this Quarterly Report on Form 10-Q as we, our, us, ourselves, the Company, General Motors or GM) designs, builds and sells cars, trucks, crossovers and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial). We analyze the results of our continuing operations through the following segments: GM North America (GMNA), GM International (GMI), and GM Financial. Nonsegment operations and Maven, our ride- and car-sharing business, are classified as Corporate. Corporate includes certain centrally recorded income and costs such as interest, income taxes, corporate expenditures including autonomous vehicle-related engineering costs and certain nonsegment specific revenues and expenses.

On July 31, 2017 we closed the sale of the Opel and Vauxhall businesses and certain other assets in Europe (the Opel/Vauxhall Business) to Peugeot, S.A. (PSA Group). On October 31, 2017 we closed the sale of the European financing subsidiaries and branches (the Fincos, and together with the Opel/Vauxhall Business, the European Business) to Banque PSA Finance S.A. and BNP Paribas Personal Finance S.A. The European Business is presented as discontinued operations in our condensed consolidated financial statements for all periods presented. Unless otherwise indicated, information in this report relates to our continuing operations. Refer to Note 19 for additional information on our discontinued operations.

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. Accordingly they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The accompanying condensed consolidated financial statements include all adjustments, which consist of normal recurring adjustments and transactions or events discretely impacting the interim periods, considered necessary by management to fairly state our results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2017 Form 10-K. Except for per share amounts or as otherwise specified, dollar amounts presented within tables are stated in millions.

Principles of Consolidation The Principles of Consolidation supplements information presented in our 2017 Form 10-K for the adoption on January 1, 2018 of Accounting Standards Update (ASU) 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” (ASU 2016-01). We consolidate entities that we control due to ownership of a majority voting interest and we consolidate variable interest entities (VIEs) when we have variable interests and are the primary beneficiary. We continually evaluate our involvement with VIEs to determine when these criteria are met. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. Beginning January 1, 2018 we no longer use the cost method of accounting.

Recently Adopted Accounting Standards

Effective January 1, 2018 we adopted ASU 2014-09, "Revenue from Contracts with Customers" as amended (ASU 2014-09), as incorporated into Accounting Standards Codification (ASC) 606, on a modified retrospective basis by recognizing a cumulative effect adjustment to the opening balance of Retained earnings. Under ASU 2014-09 sales incentives will now be recorded at the time of sale rather than at the later of sale or announcement, thereby resulting in the shifting of incentive amounts to an earlier quarter and fixed fee license arrangements will now be recognized when access to intellectual property is granted instead of over the contract period. We currently expect the retiming of quarterly incentive amounts to offset for the year ending December 31, 2018. Actual incentive spending is dependent upon future market conditions.

Beginning January 1, 2018, certain transfers to daily rental companies are accounted for as sales when ownership of the vehicle is not expected to transfer back to us. Such transactions were previously accounted for as operating leases. Transfers that occurred prior to January 2018 continue to be accounted for as operating leases because at the original time of transfer an expectation existed that ownership of the vehicle would transfer back to us.

The following table summarizes the financial statement line items within our condensed consolidated income statement and balance sheet significantly impacted by ASU 2014-09:

	Three Months Ended March 31, 2018		
	As Reported	Balances without Adoption of ASC 606	Effect of Change
Income Statement			
Automotive net sales and revenue	$32,691	$ 31,558	$ 1,133
Automotive cost of sales	$30,184	$ 29,465	$ 719
Income before income taxes	$1,576	$ 1,131	$ 445
Net income attributable to stockholders	$1,046	$ 702	$ 344

	March 31, 2018		
	As Reported	Balances without Adoption of ASC 606	Effect of Change
Balance Sheet			
Equipment on operating leases, net	$789	$ 1,495	$(706)
Deferred income taxes	$23,538	$ 23,195	$343
Accrued liabilities	$27,330	$ 26,113	$1,217
Other liabilities	$11,945	$ 12,191	$(246)
Retained earnings	$17,028	$ 18,019	$(991)

Effective January 1, 2018 we adopted ASU 2016-01, on a modified retrospective basis, with a $182 million cumulative effect adjustment recorded to the opening balance of Retained earnings to adjust an investment previously carried at cost to its fair value. ASU 2016-01 requires equity investments that are not accounted for under the equity method of accounting to be measured at fair value with changes recognized in Net income.

In the three months ended March 31, 2018 we adopted ASU 2017-12, "Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities" (ASU 2017-12), on a modified retrospective basis and adopted ASU 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income” (ASU 2018-02), on a modified retrospective basis. ASU 2018-02 provides the option to reclassify stranded tax effects related to the U.S. Tax Cuts and Jobs Act of 2017 (the Tax Act) in accumulated other comprehensive income to retained earnings. The adjustment relates to the change in the U.S. corporate income tax rate. The cumulative effect of the adjustments to the opening balance of Retained earnings for these adopted standards was $108 million.

The following table summarizes the changes to our condensed consolidated balance sheet for the adoption of ASU 2014-09, ASU 2016-01, ASU 2017-12 and ASU 2018-02:

	December 31, 2017	Adjustment due to ASU 2014-09	Adjustment due to ASU 2016-01, ASU 2017-12	January 1, 2018

			and ASU 2018-02	
Deferred income taxes	$23,544	$444	$ (63)	$23,925
Other assets	$4,929	$195	$ 242	$5,366
GM Financial short-term debt and current portion of long-term debt	$24,450	$—	$ (13)	$24,437
Accrued liabilities	$25,996	$2,328	$ —	$28,324
Other liabilities	$12,394	$(235)	$ —	$12,159
Retained earnings	$17,627	$(1,336)	$ 290	$16,581
Accumulated other comprehensive loss	$(8,011)	$—	$ (98)	$(8,109)

Effective January 1, 2018, we adopted ASU 2016-15, "Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Payments" (ASU 2016-15), which clarified guidance on the classification of certain cash receipts and payments in the statement of cash flows. The adoption of ASU 2016-15 did not have a material impact on our condensed consolidated financial statements, and prior periods were not restated.

Effective January 1, 2018, we adopted ASU 2017-07, "Compensation - Retirement Benefits (Topic 715), Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" (ASU 2017-07) on a retrospective basis, which requires that the service cost component of net periodic pension and other postretirement benefits (OPEB) (income) expense be presented in the same income statement line item as other employee compensation costs. The remaining components of net periodic pension and OPEB (income) expense are now presented outside operating income. Amounts previously reflected in Operating income were reclassified to Interest income and other non-operating income, net in accordance with the provisions of ASU 2017-07. Refer to Note 13 for amounts that were reclassified.

Note 2. Significant Accounting Policies

The information presented on Revenue Recognition, Equipment on Operating Leases, Marketable Debt Securities, Equity Investments and Derivative Financial Instruments supplements the Significant Accounting Policies information presented in our 2017 Form 10-K for the adoption of our recently adopted accounting standards which became effective January 1, 2018. See our 2017 Form 10-K for a description of our significant accounting policies in effect prior to the adoption of the new accounting standards.

Revenue Recognition We adopted ASU 2014-09, which requires us to recognize revenue when a customer obtains control rather than when we have transferred substantially all risks and rewards of a good or service. We adopted ASU 2014-09 by applying the modified retrospective method to all noncompleted contracts as of the date of adoption. See Note 1 for additional information pertaining to the adoption of ASU 2014-09. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The following accounting policies became effective upon the adoption of ASU 2014-09.

Automotive Automotive net sales and revenue represents the amount of consideration to which we expect to be entitled in exchange for vehicle, parts and accessories and services and other sales. The consideration recognized represents the amount received, typically shortly after the sale to a customer, net of estimated dealer and customer sales incentives we reasonably expect to pay. Significant factors in determining our estimates of incentives include forecasted sales volume, product type, product mix, customer behavior and assumptions concerning market conditions. Historical experience is also considered when establishing our future expectations. Subsequent adjustments to incentive estimates are possible as facts and circumstances change over time. A portion of the consideration received is deferred for separate performance obligations, such as maintenance and vehicle connectivity, that will be provided to our customers at a future date. Taxes assessed by various government entities, such as sales, use and value-added taxes, collected at the time of the vehicle sale are excluded from Automotive net sales and revenue. Shipping and handling activities that occur after control of the vehicle transfers to the dealer are recognized at the time of sale and presented in Automotive cost of sales.

Vehicle, Parts and Accessories For the majority of vehicle and accessories sales our customers obtain control and we recognize revenue when the vehicle transfers to the dealer, which generally occurs when the vehicle is released to the carrier responsible for transporting it to a dealer. Revenue is recognized on the sale of parts upon delivery to the customer.

Certain transfers to daily rental companies are accounted for as sales, with revenue recognized at the time of transfer. Such transactions were previously accounted for as operating leases. At the time of transfer, we defer revenue for remarketing obligations, record a residual value guarantee and reflect a deposit liability for amounts expected to be returned once the remarketing services are complete. Deferred revenue is recognized in earnings upon completion of the remarketing service. Transfers that occurred prior to January 1, 2018 and future transfers containing a substantive purchase obligation continue to be accounted for as operating leases and rental income is recognized over the estimated term of the lease.

Used Vehicles Proceeds from the auction of vehicles returned from daily rental car companies are recognized in Automotive net sales and revenue upon transfer of control of the vehicle to the customer and the related vehicle carrying value is recognized in Automotive cost of sales.

Services and Other Services and other revenue primarily consists of revenue from vehicle-related service arrangements and after-sale services such as maintenance, vehicle connectivity and extended service warranties. For those service arrangements that are bundled with a vehicle sale, a portion of the revenue from the sale is allocated to the service component and recognized as deferred revenue within Accrued liabilities or Other liabilities. We recognize revenue for bundled services and services sold separately as services are performed, typically over a period of less than three years.

Automotive Financing - GM Financial Finance charge income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the condensed consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income on retail finance receivables is generally suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are recorded to principal. Interest accrual generally resumes once an account has received payments bringing the delinquency to less than 60 days past due. Accrual of finance charge income on commercial finance receivables is generally suspended on accounts that are more than 90 days delinquent, upon receipt of a bankruptcy notice from a borrower, or where reasonable doubt exists about the full collectability of contractually agreed upon principal and interest. Payments received on nonaccrual loans are first applied to principal. Interest accrual resumes once an account has received payments bringing the account fully current and collection of contractual principal and interest is reasonably assured (including amounts previously charged off).

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Equipment on Operating Leases Equipment on operating leases, net consists of vehicle leases to retail customers with lease terms of two to five years and vehicle sales to rental car companies that are expected to be repurchased in an average of seven months. We are exposed to changes in the residual values of these assets. The residual values represent estimates of the values of the leased vehicles at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the arrangement and adjustments may be made to the extent the expected value of the vehicle changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if an impairment indicator exists and the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicle's asset group. If the carrying amount is considered impaired an impairment charge is recorded for the amount by which the carrying amount exceeds fair value of the vehicle's asset group. Fair value is determined primarily using the anticipated cash flows, including estimated residual values. In our automotive finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell. Upon disposition a gain or loss is recorded in GM Financial interest, operating and other expenses for any difference between the net book value of the leased asset and the proceeds from the disposition of the asset.

Marketable Debt Securities We classify marketable debt securities as either available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale debt securities are recorded at fair value with unrealized gains and losses recorded net of related income taxes in Accumulated other comprehensive loss until realized. Trading debt securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all debt securities using the specific identification method.

We measure the fair value of our marketable debt securities using a market approach where identical or comparable prices are available and an income approach in other cases. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models. These prices represent non-binding quotes. Our pricing service utilizes industry-standard pricing models that consider various inputs. We conduct an annual review of our pricing service and believe the prices received from our pricing service are a reliable representation of exit prices.

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in debt securities are other-than-temporary. Factors considered include the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer and the intent to sell or likelihood to be forced to sell the debt security before any anticipated recovery.

Equity Investments When events and circumstances warrant, equity investments accounted for under the equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other-than-temporary. Impairment charges related to equity method investments are recorded in Equity income. Equity investments that are not accounted for under the equity method of accounting are measured at fair value with changes in fair value recorded in Interest income and other non-operating income, net.

Derivative Financial Instruments The following changes to our accounting policies became effective upon adoption of ASU 2017-12.

Automotive Certain foreign currency and commodity forward contracts have been designated as cash flow hedges. The risk being hedged is the foreign currency and commodity price risk related to forecasted transactions. If the contract has been designated as a cash flow hedge, the change in the fair value of the cash flow hedge is deferred in Accumulated other comprehensive loss and is recognized in Automotive cost of sales along with the earnings effect of the hedged item when the hedged item affects earnings.

Automotive Financing - GM Financial Certain interest rate swap and foreign currency swap agreements have been designated as cash flow hedges. The risk being hedged is the foreign currency and interest rate risk related to forecasted transactions. If the contract has been designated as a cash flow hedge, the change in the fair value of the cash flow hedge is deferred in Accumulated other comprehensive loss and is recognized in GM Financial interest, operating and other expenses along with the earnings effect of the hedged item when the hedged item affects earnings. Changes in the fair value of amounts excluded from the assessment of effectiveness are recorded currently in earnings and are presented in the same income statement line as the earnings effect of the hedged item.

Note 3. Revenue

The following table disaggregates our revenue by major source:

	Three Months Ended March 31, 2018						
	GMNA	GMI	Corporate	Total Automotive	GM Financial	Eliminations	Total
Vehicle, parts and accessories	$25,882	$4,605	$ 9	$ 30,496	$ —	$ (7)	$30,489
Used vehicles	1,155	47	—	1,202	—	(17)	1,185
Services and other	781	196	40	1,017	—	—	1,017
Automotive net sales and revenue	27,818	4,848	49	32,715	—	(24)	32,691
Leased vehicle income	—	—	—	—	2,447	—	2,447
Finance charge income	—	—	—	—	866	(2)	864
Other income	—	—	—	—	98	(1)	97
GM Financial net sales and revenue	—	—	—	—	3,411	(3)	3,408
Net sales and revenue	$27,818	$4,848	$ 49	$ 32,715	$ 3,411	$ (27)	$36,099

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Adjustments to sales incentives for previously recognized sales decreased revenue by an insignificant amount during the three months ended March 31, 2018.

Deferred revenue consists primarily of maintenance, extended warranty and other service contracts. We recognized revenue of $383 million related to previously deferred revenue during the three months ended March 31, 2018. We expect to recognize revenue of $1.1 billion in the nine months ending December 31, 2018 and $780 million, $404 million and $476 million in the years ending December 31, 2019, 2020 and thereafter related to deferred revenue as of March 31, 2018.

Note 4. Marketable and Other Securities

The following table summarizes the fair value of cash equivalents and marketable debt and equity securities which approximates cost:

9

	Fair Value Level	March 31, 2018	December 31, 2017
Cash and cash equivalents			
Cash and time deposits		$ 8,405	$ 6,962
Available-for-sale debt securities			
U.S. government and agencies	2	—	750
Corporate debt	2	2,374	3,032
Sovereign debt	2	337	1,954
Total available-for-sale debt securities – cash equivalents		2,711	5,736
Money market funds	1	3,140	2,814
Total cash and cash equivalents		$ 14,256	$ 15,512
Marketable debt securities			
U.S. government and agencies	2	$ 2,272	$ 3,310
Corporate debt	2	3,362	3,665
Mortgage and asset-backed	2	642	635
Sovereign debt	2	834	703
Total available-for-sale debt securities – marketable securities		$ 7,110	$ 8,313
Restricted cash			
Cash and cash equivalents		$ 232	$ 219
Money market funds	1	3,059	2,117
Total restricted cash		$ 3,291	$ 2,336

Available-for-sale debt securities included above with contractual maturities(a)	
Due in one year or less	$ 4,494
Due between one and five years	4,685
Total available-for-sale debt securities with contractual maturities	$ 9,179

____
(a) Excludes mortgage and asset-backed securities.

Sales proceeds from investments classified as available-for-sale and sold prior to maturity were $920 million and $626 million in the three months ended March 31, 2018 and 2017. Net unrealized gains and losses on available-for-sale debt securities were insignificant in the three months ended March 31, 2018 and 2017. Cumulative unrealized gains and losses on available-for-sale debt securities were insignificant at March 31, 2018 and December 31, 2017.

Investments in equity securities where market quotations are not available are accounted for at fair value primarily using Level 3 inputs. The fair value of these securities at March 31, 2018 and unrealized gains and losses recognized in the three months ended March 31, 2018 were insignificant. Refer to Note 1 for additional details on the adoption of ASU 2016-01.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheet to the total shown in the condensed consolidated statement of cash flows:

	March 31, 2018
Cash and cash equivalents	$ 14,256
Restricted cash included in Other current assets	2,713
Restricted cash included in Other assets	578
Total	$ 17,547

10

Note 5. GM Financial Receivables

	March 31, 2018			December 31, 2017		
	Retail	Commercial	Total	Retail	Commercial	Total
Finance receivables, collectively evaluated for impairment, net of fees	$32,020	$ 9,973	$41,993	$30,486	$ 9,935	$40,421
Finance receivables, individually evaluated for impairment, net of fees	2,199	23	2,222	2,228	22	2,250
GM Financial receivables	34,219	9,996	44,215	32,714	9,957	42,671
Less: allowance for loan losses	(858)	(54)	(912)	(889)	(53)	(942)
GM Financial receivables, net	$33,361	$ 9,942	$43,303	$31,825	$ 9,904	$41,729
Fair value of GM Financial receivables			$43,035			$41,735

We estimate the fair value of retail finance receivables using observable and unobservable Level 3 inputs within a cash flow model. The inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables. The projected cash flows are then discounted to derive the fair value of the portfolio. Macroeconomic factors could affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in our cash flow model. A substantial majority of our commercial finance receivables have variable interest rates. The carrying amount, a Level 2 input, is considered to be a reasonable estimate of fair value.

	Three Months Ended	
	March 31, 2018	March 31, 2017
Allowance for loan losses at beginning of period	$942	$ 805
Provision for loan losses	136	211
Charge-offs	(295)	(298)
Recoveries	123	143
Effect of foreign currency	6	6
Allowance for loan losses at end of period	$912	$ 867

The allowance for loan losses on retail and commercial finance receivables included a collective allowance of $601 million and $611 million and a specific allowance of $311 million and $331 million at March 31, 2018 and December 31, 2017.

Retail Finance Receivables We use proprietary scoring systems in the underwriting process that measure the credit quality of retail finance receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO scores or their equivalent) and contract characteristics. We also consider other factors such as employment history, financial stability and capacity to pay. Subsequent to origination we review the credit quality of retail finance receivables based on customer payment activity. At March 31, 2018 and December 31, 2017, 31% and 33% of retail finance receivables were from consumers with sub-prime credit scores, which are defined as FICO scores or equivalent scores of less than 620 at the time of loan origination.

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date the payment was contractually due. The accrual of finance charge income had been suspended on delinquent retail finance receivables with contractual amounts due of $852 million and $778 million at March 31, 2018 and December 31, 2017. The following table summarizes the contractual amount of delinquent retail finance receivables, which is not significantly different than the recorded investment of the retail finance receivables:

11

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

	March 31, 2018			March 31, 2017		
	Amount	Percent of Contractual Amount Due		Amount	Percent of Contractual Amount Due	
31-to-60 days delinquent	$1,265	3.7	%	$995	3.4	%
Greater-than-60 days delinquent	605	1.7	%	430	1.4	%
Total finance receivables more than 30 days delinquent	1,870	5.4	%	1,425	4.8	%
In repossession	53	0.2	%	46	0.2	%
Total finance receivables more than 30 days delinquent or in repossession	$1,923	5.6	%	$1,471	5.0	%

Retail finance receivables classified as troubled debt restructurings and individually evaluated for impairment were $2.2 billion and the allowance for loan losses included $307 million and $328 million of specific allowances on these receivables at March 31, 2018 and December 31, 2017.

Commercial Finance Receivables Our commercial finance receivables consist of dealer financings, primarily for inventory purchases. A proprietary model is used to assign a risk rating to each dealer. We perform periodic credit reviews of each dealership and adjust the dealership's risk rating, if necessary. Dealers in Group VI are subject to additional restrictions on funding, including suspension of lines of credit and liquidation of assets. The commercial finance receivables on non-accrual status were insignificant at March 31, 2018 and December 31, 2017. The following table summarizes the credit risk profile by dealer risk rating of the commercial finance receivables:

	March 31, 2018	December 31, 2017
Group I – Dealers with superior financial metrics	$ 1,784	$ 1,915
Group II – Dealers with strong financial metrics	3,670	3,465
Group III – Dealers with fair financial metrics	3,161	3,239
Group IV – Dealers with weak financial metrics	1,048	997
Group V – Dealers warranting special mention due to elevated risks	268	260
Group VI – Dealers with loans classified as substandard, doubtful or impaired	65	81
	$ 9,996	$ 9,957

Note 6. Inventories

	March 31, 2018	December 31, 2017
Total productive material, supplies and work in process	$4,736	$ 4,203
Finished product, including service parts	6,725	6,460
Total inventories	$11,461	$ 10,663

Note 7. Equipment on Operating Leases
Equipment on operating leases consists of leases to retail customers that are recorded as operating leases and vehicle sales to daily rental car companies with an expected repurchase obligation.

	March 31, 2018	December 31, 2017
Equipment on operating leases	$54,759	$ 53,947
Less: accumulated depreciation	(10,526)	(9,959)
Equipment on operating leases, net(a)	$44,233	$ 43,988

(a) Includes \$43.4 billion and \$42.9 billion of GM Financial equipment on operating leases, net at March 31, 2018 and December 31, 2017.

Depreciation expense related to equipment on operating leases, net was \$1.8 billion and \$1.5 billion in the three months ended March 31, 2018 and 2017.

The following table summarizes minimum rental payments due to GM Financial on leases to retail customers:

12

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

	Year Ending December 31,				
	2018	2019	2020	2021	2022
Minimum rental receipts under operating leases	$5,241	$5,064	$2,336	$346	$ 19

Note 8. Equity in Net Assets of Nonconsolidated Affiliates

	Three Months Ended	
	March 31, 2018	March 31, 2017
Automotive China equity income	$597	$ 504
Other joint ventures equity income	51	51
Total Equity income	$648	$ 555

There have been no significant ownership changes in our Automotive China joint ventures (Automotive China JVs) since December 31, 2017.

	Three Months Ended	
	March 31, 2018	March 31, 2017
Summarized Operating Data of Automotive China JVs		
Automotive China JVs' net sales	$13,719	$ 11,201
Automotive China JVs' net income	$1,177	$ 1,046

Dividends received from our nonconsolidated affiliates were insignificant in the three months ended March 31, 2018 and 2017. We had undistributed earnings of $2.8 billion and $2.2 billion related to our nonconsolidated affiliates at March 31, 2018 and December 31, 2017. Refer to Note 10 for information related to borrowing from a nonconsolidated affiliate.

Note 9. Variable Interest Entities

GM Financial uses special purpose entities (SPEs) that are considered VIEs to issue variable funding notes to third party bank-sponsored warehouse facilities or asset-backed securities to investors in securitization transactions. The debt issued by these VIEs is backed by finance receivables and leasing related assets transferred to the VIEs (Securitized Assets). GM Financial determined that it is the primary beneficiary of the SPEs because the servicing responsibilities for the Securitized Assets give GM Financial the power to direct the activities that most significantly impact the performance of the VIEs and the variable interests in the VIEs give GM Financial the obligation to absorb losses and the right to receive residual returns that could potentially be significant. The assets serve as the sole source of repayment for the debt issued by these entities. Investors in the notes issued by the VIEs do not have recourse to GM Financial or its other assets, with the exception of customary representation and warranty repurchase provisions and indemnities that GM Financial provides as the servicer. GM Financial is not required and does not currently intend to provide additional financial support to these SPEs. While these subsidiaries are included in GM Financial's condensed consolidated financial statements, they are separate legal entities and their assets are legally owned by them and are not available to GM Financial's creditors. The following table summarizes the assets and liabilities related to GM Financial's consolidated VIEs:

	March 31, 2018	December 31, 2017
Restricted cash – current	$ 2,027	$ 1,740
Restricted cash – non-current	$ 512	$ 527
GM Financial receivables, net of fees – current	$ 15,069	$ 15,141

GM Financial receivables, net of fees – non-current	$ 12,750	$ 12,944
GM Financial equipment on operating leases, net	$ 20,525	$ 22,222
GM Financial short-term debt and current portion of long-term debt	$ 17,674	$ 18,972
GM Financial long-term debt	$ 21,352	$ 20,356

GM Financial recognizes finance charge, leased vehicle and fee income on the Securitized Assets and interest expense on the secured debt issued in a securitization transaction and records a provision for loan losses to recognize probable loan losses inherent in the finance receivables.

Note 10. Automotive and GM Financial Debt

	March 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total automotive debt	$15,298	$16,141	$13,502	$15,088
Fair value utilizing Level 1 inputs		$12,484		$13,202
Fair value utilizing Level 2 inputs		$3,657		$1,886

The fair value of automotive debt measured utilizing Level 1 inputs was based on quoted prices in active markets for identical instruments that a market participant can access at the measurement date. The fair value of automotive debt measured utilizing Level 2 inputs was based on a discounted cash flow model using observable inputs. This model utilizes observable inputs such as contractual repayment terms and benchmark yield curves, plus a spread based on our senior unsecured notes that is intended to represent our nonperformance risk. We obtain the benchmark yield curves and yields on unsecured notes from independent sources that are widely used in the financial industry. At March 31, 2018 and December 31, 2017 the fair value of automotive debt exceeded its carrying amount due primarily to a decrease in bond yields compared to yields at the time of issuance.

In the three months ended March 31, 2018 we borrowed $1.3 billion from SAIC General Motors Corp., Ltd. (SGM) pursuant to a short-term unsecured note payable due in June 2018 to provide additional liquidity to support our operations. Upon repayment, we expect to receive a dividend from SGM.

In April 2018 we amended and restated our two existing revolving credit facilities and entered into a third facility, increasing our aggregate borrowing capacity from $14.5 billion to $16.5 billion. These facilities consist of a 364-day, $2.0 billion facility, a three-year, $4.0 billion facility and a five-year, $10.5 billion facility. The facilities are available to us as well as certain wholly owned subsidiaries, including GM Financial. The three-year, $4.0 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-facility of $1.1 billion. The five-year, $10.5 billion facility allows for borrowings in U.S. Dollars and other currencies. The 364-day, $2.0 billion facility allows for borrowing in U.S. Dollars only. We have allocated the 364-day, $2.0 billion facility for exclusive use by GM Financial.

	March 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Secured debt	$39,441	$39,395	$39,887	$39,948
Unsecured debt	44,079	44,738	40,830	41,989
Total GM Financial debt	$83,520	$84,133	$80,717	$81,937
Fair value utilizing Level 2 inputs		$81,931		$79,623
Fair value utilizing Level 3 inputs		$2,202		$2,314

The fair value of GM Financial debt measured utilizing Level 2 inputs was based on quoted market prices for identical instruments and if unavailable, quoted market prices of similar instruments. For debt with original maturity or revolving period of 18 months or less par value is considered to be a reasonable estimate of fair value. The fair value of GM Financial debt measured utilizing Level 3 inputs was based on the discounted future net cash flows expected to be settled using current risk-adjusted rates.

Secured debt consists of revolving credit facilities and securitization notes payable. Most of the secured debt was issued by VIEs and is repayable only from proceeds related to the underlying pledged assets. Refer to Note 9 for additional information on GM Financial's involvement with VIEs. In the three months ended March 31, 2018 we issued $4.7 billion in aggregate principal amount of securitization notes payable with an initial weighted average interest rate of 2.59% and maturity dates ranging from 2022 to 2025.

Unsecured debt consists of senior notes, credit facilities and other unsecured debt. In the three months ended March 31, 2018 we issued $3.4 billion in aggregate principal amount of senior notes with an initial weighted average interest rate of 2.30% and maturity dates ranging from 2021 to 2028.

In April 2018 we issued $2.5 billion in aggregate principal amount of senior notes with an initial weighted average interest rate of 3.80% and maturity dates ranging from 2021 to 2025.

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

Each of the revolving credit facilities and the indentures governing GM Financial's notes contain terms and covenants including limitations on GM Financial's ability to incur certain liens.

Note 11. Derivative Financial Instruments
Automotive The following table presents the notional amounts based on asset or liability positions of derivative financial instruments in our automotive operations:

	Fair Value Level	March 31, 2018	December 31, 2017
Derivatives not designated as hedges(a)			
Assets			
Foreign currency	2	$ 2,984	$ 2,834
Commodity	2	418	606
PSA warrants(b)	2	49	48
Total assets		$ 3,451	$ 3,488
Liabilities			
Foreign currency	2	$ 2,102	$ 1,188

____
(a) The fair value of these derivative instruments at March 31, 2018 and December 31, 2017 and the gains/losses included in our condensed consolidated income statements for the three months ended March 31, 2018 and 2017 were insignificant, unless otherwise noted.
(b) The fair value of the PSA warrants located in Other assets was $909 million and $764 million at March 31, 2018 and December 31, 2017.

We estimate the fair value of the PSA warrants using a Black-Scholes formula. The significant inputs to the model include the PSA stock price and the estimated dividend yield. The estimated dividend yield is adjusted based on the terms of the Master Agreement (the Agreement). Under the terms of the Agreement upon exercise of the warrants we are entitled to receive any dividends by PSA between the issuance date and the conversion date. Gains or losses as a result of the change in the fair value of the PSA warrants are recorded in Interest income and other non-operating income, net.

GM Financial The following table presents the notional amounts based on asset or liability positions of GM Financial's derivative financial instruments:

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

	Fair Value Level	March 31, 2018	December 31, 2017
Derivatives designated as hedges(a)			
Assets			
Fair value hedges – interest rate contracts	2	$ 833	$ 1,250
Cash flow hedges			
Interest rate contracts	2	1,794	2,177
Foreign currency	2	1,413	1,574
Total cash flow hedges		3,207	3,751
Total assets		$ 4,040	$ 5,001
Liabilities			
Fair value hedges – interest rate contracts(b)(c)	2	$ 8,947	$ 9,860
Cash flow hedges – foreign currency	2	815	—
Total liabilities		$ 9,762	$ 9,860
Derivatives not designated as hedges(a)			
Assets			
Interest rate contracts(d)	2	$ 51,310	$ 55,581
Foreign currency	2	1,230	1,201
Total assets		$ 52,540	$ 56,782
Liabilities			
Interest rate contracts(c)(e)	2	$ 39,896	$ 26,357
Foreign currency	2	738	—
Total liabilities		$ 40,634	$ 26,357

(a) The fair value of these derivative instruments at March 31, 2018 and December 31, 2017 and the gains/losses included in our condensed consolidated income statements and statements of comprehensive income for the three months ended March 31, 2018 and 2017 were insignificant, unless otherwise noted.

(b) The fair value of these derivative instruments located in Other liabilities was $396 million and $290 million at March 31, 2018 and December 31, 2017.

(c) Amounts accrued for interest payments in a net receivable position are included in Other assets.

(d) The fair value of these derivative instruments located in Other assets was $464 million and $329 million at March 31, 2018 and December 31, 2017.

(e) The fair value of these derivative instruments located in Other liabilities was $514 million and $207 million at March 31, 2018 and December 31, 2017.

The fair value for Level 2 instruments was derived using the market approach based on observable market inputs including quoted prices of similar instruments and foreign exchange and interest rate forward curves.

The following amounts were recorded in the condensed consolidated balance sheet related to items designated and qualifying as hedged items in fair value hedging relationships:

	March 31, 2018	
	Carrying Amount of Hedged Items	Cumulative Amount of Fair Value Hedging Adjustments(a)
GM Financial long-term debt	$ 13,672	$ 602

(a) Includes $163 million of hedging adjustments remaining on hedged items for which hedge accounting has been discontinued.

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

Note 12. Product Warranty and Related Liabilities

	Three Months Ended	
	March 31, 2018	March 31, 2017
Warranty balance at beginning of period	$8,332	$ 9,069
Warranties issued and assumed in period – recall campaigns	183	163
Warranties issued and assumed in period – product warranty	521	566
Payments	(735)	(809)
Adjustments to pre-existing warranties	(82)	40
Effect of foreign currency and other	(86)	34
Warranty balance at end of period	$8,133	$ 9,063

We estimate our reasonably possible loss in excess of amounts accrued for recall campaigns to be insignificant at March 31, 2018. Refer to Note 14 for reasonably possible losses on Takata Corporation (Takata) matters.

Note 13. Pensions and Other Postretirement Benefits

	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans
	U.S.	Non-U.S.		U.S.	Non-U.S.	
Service cost	$83	$ 66	$ 5	$79	$ 46	$ 4
Interest cost	513	120	50	536	125	49
Expected return on plan assets	(973)	(212)	—	(919)	(171)	—
Amortization of prior service cost (credit)	(1)	1	(4)	(1)	1	(3)
Amortization of net actuarial (gains) losses	2	37	13	(1)	47	8
Net periodic pension and OPEB (income) expense	$(376)	$ 12	$ 64	$(306)	$ 48	$ 58

The non-service cost components of the net periodic pension and OPEB income of $421 million and $329 million in the three months ended March 31, 2018 and 2017 are presented in Interest income and other non-operating income, net. We elected to use the 2017 amounts disclosed above as the practical expedient for determining the retrospective presentation. Refer to Note 1 for additional details on the adoption of ASU 2017-07.

We expect to contribute approximately $1.2 billion to our non-U.S. pension plans in 2018, inclusive of the Korea payment of pension obligations for separated employees. Refer to Note 16 for additional information.

Note 14. Commitments and Contingencies

Litigation-Related Liability and Tax Administrative Matters In the normal course of our business, we are named from time to time as a defendant in various legal actions, including arbitrations, class actions and other litigation. We identify below the material individual proceedings and investigations in connection with which we believe a material loss is reasonably possible or probable. We accrue for matters when we believe that losses are probable and can be reasonably estimated. At March 31, 2018 and December 31, 2017 accruals of $941 million and $930 million were recorded in Accrued liabilities and Other liabilities. In many proceedings, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the size or range of the possible loss. Accordingly an adverse outcome from such proceedings could exceed the amounts accrued by an amount that could be material to our results of operations or cash flows in any particular reporting period.

Proceedings Related to Ignition Switch Recall and Other Recalls In 2014 we announced various recalls relating to safety and other matters. Those recalls included recalls to repair ignition switches that could under certain circumstances unintentionally move from the “run” position to the “accessory” or “off” position with a corresponding loss of power, which could in turn prevent airbags from deploying in the event of a crash.

Economic-Loss Claims We are aware of over 100 putative class actions pending against GM in various courts in the U.S. and Canada alleging that consumers who purchased or leased vehicles manufactured by GM or Motors Liquidation Company (formerly

17

known as General Motors Corporation) had been economically harmed by one or more of the 2014 recalls and/or the underlying vehicle conditions associated with those recalls (economic-loss cases). In general, these economic-loss cases seek recovery for purported compensatory damages, such as alleged benefit-of-the-bargain damages or damages related to alleged diminution in value of the vehicles, as well as punitive damages, injunctive relief and other relief.

Many of the pending economic-loss claims have been transferred to, and consolidated in, a single federal court, the U.S. District Court for the Southern District of New York (Southern District). These plaintiffs have asserted economic-loss claims under federal and state laws, including claims relating to recalled vehicles manufactured by GM and claims asserting successor liability relating to certain recalled vehicles manufactured by Motors Liquidation Company. The Southern District has dismissed various of these claims, including claims under the Racketeer Influenced and Corrupt Organization Act, claims for recovery for alleged reduction in the value of plaintiffs' vehicles due to damage to GM’s reputation and brand as a result of the ignition switch matter, and claims of plaintiffs who purchased a vehicle before GM came into existence in July 2009. The Southern District also dismissed certain state law claims at issue.

In August 2017 the Southern District granted our motion to dismiss the successor liability claims of plaintiffs in seven of the sixteen states at issue on the motion and called for additional briefing to decide whether Plaintiffs' claims can proceed in the other nine states. In December 2017 the Southern District granted GM's motion and dismissed successor liability claims of plaintiffs in an additional state, but found that there are genuine issues of material fact that prevent summary judgment for GM in eight other states. In January 2018, GM moved for reconsideration of certain portions of the Southern District's December 2017 summary judgment ruling. That motion was granted in April 2018, holding that plaintiffs cannot advance successor liability claims in any state where New York law applies.

Personal Injury Claims We also are aware of several hundred actions pending in various courts in the U.S. and Canada alleging injury or death as a result of defects that may be the subject of the 2014 recalls (personal injury cases). In general, these cases seek recovery for purported compensatory damages, punitive damages and other relief. Since 2016, several bellwether trials of personal injury cases have taken place in the Southern District and in a Texas state court, which is administering a Texas state multi-district litigation (MDL). None of these trials resulted in a finding of liability against GM. We are currently preparing for two additional bellwether trials in the MDL.

Appellate Litigation Regarding Successor Liability Ignition Switch Claims In 2015 the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court) issued a decision precluding claims against us based upon pre-sale accidents, claims based upon the acts or conduct by Motors Liquidation Company and claims asserting successor liability for obligations owed by Motors Liquidation Company (successor liability claims), except for claims asserting liabilities that had been expressly assumed by us in the Amended and Restated Master Sale and Purchase Agreement, and certain claims arising solely out of our own independent post-sale acts.

In 2016, the United States Court of Appeals for the Second Circuit (Second Circuit) held that the Bankruptcy Court's 2009 order approving the sale of substantially all of the assets of Motors Liquidation Company to GM free and clear of, among other things, successor liability claims could not be enforced to bar claims against GM asserted by either plaintiffs who purchased used vehicles after the sale or against purchasers who asserted claims relating to the ignition switch defect, including pre-sale personal injury claims and economic-loss claims. In 2017, the United States Supreme Court denied our petition for certiorari. Certain of these pre-sale claims were resolved through GM's Compensation Program. Plaintiffs asserting pre-sale claims related to the ignition switch defect that were not resolved by the Compensation Program must still establish their right to assert successor liability claims and demonstrate that their claims have merit.

Contingently Issuable Shares Under the Amended and Restated Master Sale and Purchase Agreement between us and Motors Liquidation Company we may be obligated to issue additional shares (Adjustment Shares) of our common stock in the event that allowed general unsecured claims against the Motors Liquidation Company GUC Trust (GUC Trust), as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). On December 31, 2017, the GUC Trust stated in public filings that allowed general unsecured claims were approximately $31.9 billion. In August 2017, a group of plaintiffs' attorneys alleged that they had an agreement to settle "late claims" against the GUC Trust (i.e., claims filed after the deadline established by the Bankruptcy Court). Although the Bankruptcy Court ruled in January 2018 that the alleged settlement agreement was not binding or enforceable, litigation continues over whether late claims can be asserted against the GUC Trust. On April 25, 2018, the GUC Trust filed a letter with the Bankruptcy Court alleging that it had signed a settlement agreement with certain economic loss plaintiffs and certain of the ignition switch pre-closing accident plaintiffs (the parties seeking to assert late claims). Details of the settlement were not disclosed, and the GUC Trust stated that the settlement agreement would be submitted to the Bankruptcy Court for approval on

18

or before May 2, 2018. If such late claims are allowed by the Bankruptcy Court for certain aggregate amounts sought by plaintiffs, then GM may be required to issue Adjustment Shares to the GUC Trust. We are currently unable to estimate any reasonably possible loss or range of loss that may result from this matter.

Securities and Derivative Matters In a putative shareholder class action filed in the United States District Court for the Eastern District of Michigan (Eastern District) on behalf of purchasers of our common stock from November 17, 2010 to July 24, 2014, the lead plaintiff alleged that GM and several current and former officers and employees made material misstatements and omissions relating to problems with the ignition switch and other matters in SEC filings and other public statements. In 2016 the Eastern District entered a judgment approving a class-wide settlement of the class action for $300 million. One shareholder filed an appeal of the decision approving the settlement. The United States Court of Appeals for the Sixth Circuit affirmed the judgment approving the settlement in November 2017. The objector subsequently filed petitions for rehearing and for en banc review before the entire Sixth Circuit. Both of those petitions were denied.

Three shareholder derivative actions against certain current and former GM directors and officers are pending in the Eastern District. In the first two cases, which are consolidated, the parties are currently briefing a motion to dismiss the plaintiffs' amended complaint. The Eastern District dismissed the third action in March 2018. In addition, two derivative actions filed in the Circuit Court of Wayne County, Michigan, which have been consolidated, are also stayed pending disposition of the federal derivative actions.

Government Matters In connection with the 2014 recalls, we have from time to time received subpoenas and other requests for information related to investigations by agencies or other representatives of U.S. federal, state and the Canadian governments. In March 2018, we conclusively resolved a civil action initiated by the Arizona Attorney General. GM is cooperating with all reasonable pending requests for information. Any existing governmental matters or investigations could in the future result in the imposition of damages, fines, civil consent orders, civil and criminal penalties or other remedies.

Deferred Prosecution Agreement In September 2015, GM entered into the Deferred Prosecution Agreement (DPA) with the U.S. Attorney's Office of the Southern District of New York (U.S. Attorney's Office) regarding its investigation of the events leading up to certain recalls regarding faulty ignition switches.

Pursuant to the DPA we paid the United States $900 million as a financial penalty, and we agreed to retain an independent monitor to review and assess our policies, practices or procedures related to statements about motor vehicle safety, the provision of information to those responsible for recall decisions, recall processes and addressing known defects in certified pre-owned vehicles. In addition, the U.S. Attorney's Office agreed to recommend to the Southern District that prosecution of GM on a two-count information (the Information) filed in the Southern District be deferred for three years. The U.S. Attorney's Office also agreed that if we are in compliance with all of our obligations under the DPA, the U.S. Attorney's Office will, within 30 days after the expiration of the period of deferral (including any extensions thereto), seek dismissal with prejudice of the Information. For a further description of the terms and conditions of the DPA refer to Note 17 of our 2017 Form 10-K.

The total amount accrued for the 2014 recalls at March 31, 2018 reflects amounts for a combination of settled but unpaid matters, and for the remaining unsettled investigations, claims and/or lawsuits relating to the ignition switch recalls and other related recalls to the extent that such matters are probable and can be reasonably estimated. The amounts accrued for those unsettled investigations, claims, and/or lawsuits represent a combination of our best single point estimates where determinable and, where no such single point estimate is determinable, our estimate of the low end of the range of probable loss with regard to such matters, if that is determinable. We believe it is probable that we will incur additional liabilities beyond what has already been accrued for at least a portion of the remaining matters, whether through settlement or judgment; however, we are currently unable to estimate an overall amount or range of loss because these matters involve significant uncertainties, including the legal theory or the nature of the investigations, claims and/or lawsuits, the complexity of the facts, the lack of documentation available to us with respect to particular cases or groups of cases, the results of any investigation or litigation and the timing of resolution of the investigation or litigations, including any appeals. We will continue to consider resolution of pending matters involving ignition switch recalls and other recalls where it makes sense to do so.

GM Korea Wage Litigation GM Korea Company (GM Korea) is party to litigation with current and former hourly employees in the appellate court and Incheon District Court in Incheon, Korea. The group actions, which in the 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 Korean regulations. In 2012 the Seoul High Court (an intermediate level appellate court) affirmed a decision in one of these group actions 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). In 2014, the Supreme Court largely agreed with GM’s legal arguments and remanded the case to the Seoul High Court for consideration consistent with earlier Supreme Court precedent holding that while fixed bonuses should be included in the calculation of Ordinary Wages, claims for retroactive application of this rule would be barred under certain circumstances. In 2015, on reconsideration, the Seoul High Court held in GM Korea’s favor, after which the plaintiffs appealed to the Supreme Court. The Supreme Court has not yet rendered a decision. We estimate our reasonably possible loss in excess of amounts accrued to be approximately $600 million at March 31, 2018. Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available or the legal or regulatory framework change.

GM Korea is also party to litigation with current and former salaried employees over allegations relating to ordinary wages regulation and whether to include fixed bonuses in the calculation of ordinary wages. In 2017, the Seoul High Court held that certain workers are not barred from filing retroactive wage claims. GM Korea appealed this ruling to the Supreme Court. The Supreme Court has not yet rendered a decision. We estimate our reasonably possible loss in excess of amounts accrued to be approximately $200 million at March 31, 2018. Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available or the legal or regulatory framework change.

GM Korea is also party to litigation with current and former subcontract workers over allegations that they are entitled to the same wages and benefits provided to full-time employees, and to be hired as full-time employees. At March 31, 2018, we recorded an insignificant accrual covering certain asserted claims. We estimate that the reasonably possible loss in excess of amounts accrued for other current subcontract workers who may assert similar claims to be approximately $150 million at March 31, 2018. We have discussed with other stakeholders our concerns that any additional claims from current or former subcontract workers would significantly jeopardize the success of the viability plan we have proposed for GM Korea. We believe that the stakeholders have a strong incentive to find a solution that will not undermine the viability plan, but cannot be certain how these asserted claims and any additional claims by either current or former subcontract workers will be resolved.

GM Brazil Indirect Tax Claim In March 2017 the Supreme Court of Brazil issued a decision concluding that a certain state value added tax should not be included in the calculation of federal gross receipts taxes. The decision reduces GM Brazil’s gross receipts tax prospectively and, potentially, retrospectively. The retrospective right to recover is under judicial review. If the Supreme Court of Brazil grants retrospective recovery, we estimate potential recoveries of up to $1.4 billion. However, given the remaining uncertainty regarding the ultimate judicial resolution of this matter we are unable to assess the likelihood of any favorable outcome at this time. We have not recorded any amounts relating to the retrospective nature of this matter.

Other Litigation-Related Liability and Tax Administrative Matters Various other legal actions, including class actions, governmental investigations, claims and proceedings are pending against us or our related companies or joint ventures, including matters arising out of alleged product defects; employment-related matters; product and workplace safety, vehicle emissions, including CO_2 and nitrogen oxide, fuel economy, and related governmental regulations; product warranties; financial services; dealer, supplier and other contractual relationships; government regulations relating to payments to foreign companies; government regulations relating to competition issues; tax-related matters not subject to the provision of ASC 740, Income Taxes (indirect tax-related matters); product design, manufacture and performance; consumer protection laws; and environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation.

There are several putative class actions pending against GM in federal courts in the U.S. and in the Provincial Courts in Canada alleging that various vehicles sold including model year 2011-2016 Duramax Diesel Chevrolet Silverado and GMC Sierra vehicles, violate federal and state emission standards. GM also faces a series of additional lawsuits based primarily on allegations in the Duramax suit, including putative shareholder class actions claiming violations of federal securities law. The securities and shareholder demand lawsuits have been voluntarily stayed by the plaintiffs. At this stage of these proceedings, we are unable to provide an evaluation of the likelihood that a loss will be incurred or an estimate of the amounts or range of possible loss.

We believe that appropriate accruals have been established for losses that are probable and can be reasonably estimated. It i