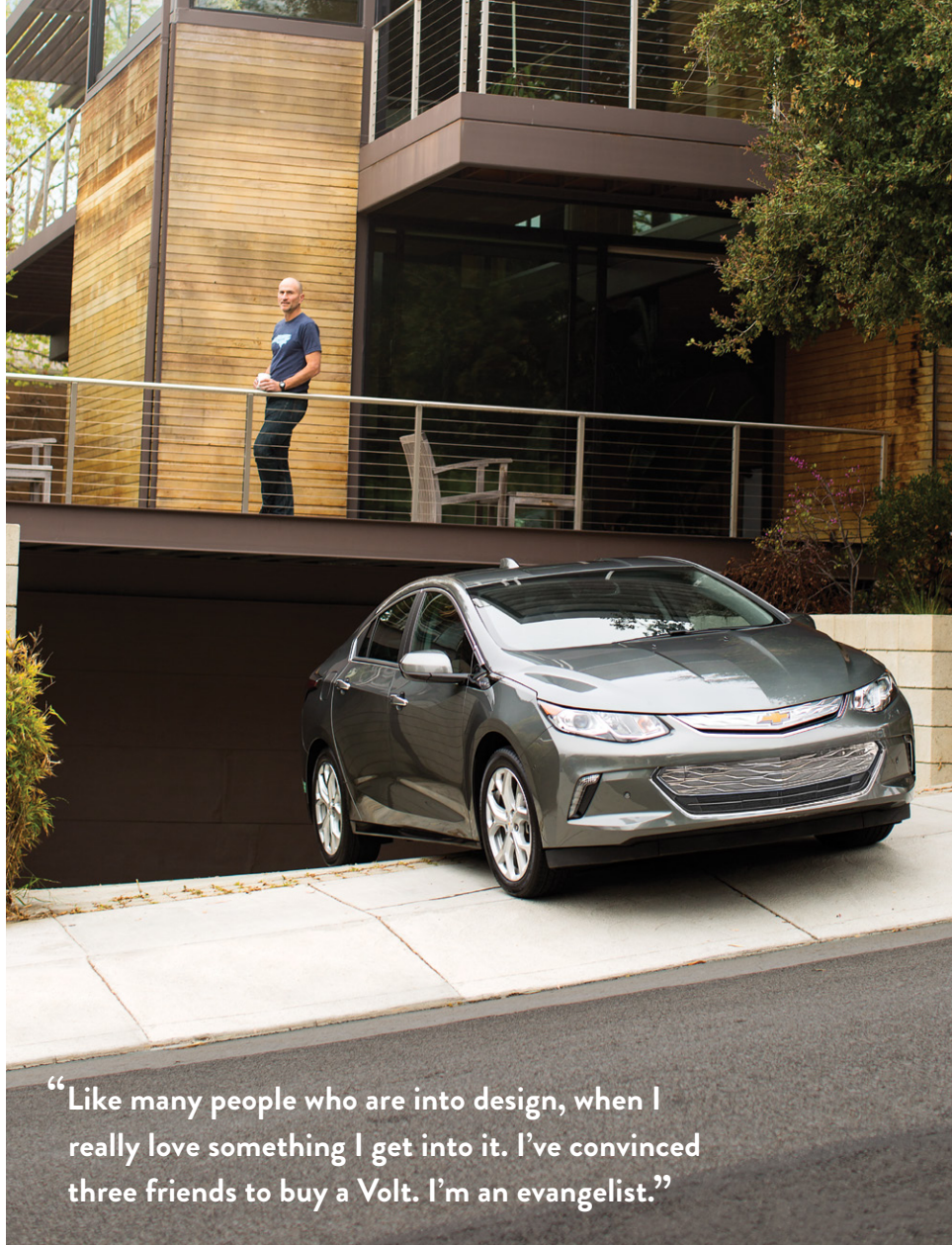


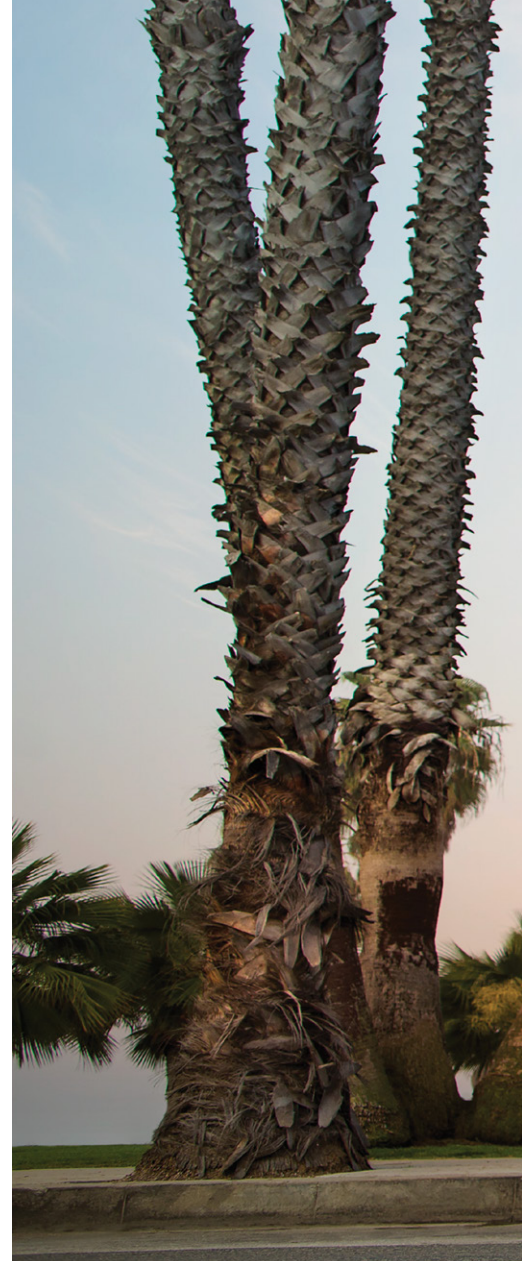


GENERAL MOTORS COMPANY

2015 ANNUAL REPORT



“Like many people who are into design, when I really love something I get into it. I’ve convinced three friends to buy a Volt. I’m an evangelist.”



Cars that fit your life.

For all of us at General Motors, every day is a new opportunity to renew the commitment that drives us: putting our customers at the center of everything we do.





Steve — the customer we’ve featured on our cover — is living proof of that commitment at work. When we approached him about being in our annual report, we learned that Steve was one of the first to buy the new second-generation 2016 Chevrolet Volt, and not just because it fits his life. It’s also in tune with who he is and what he believes.

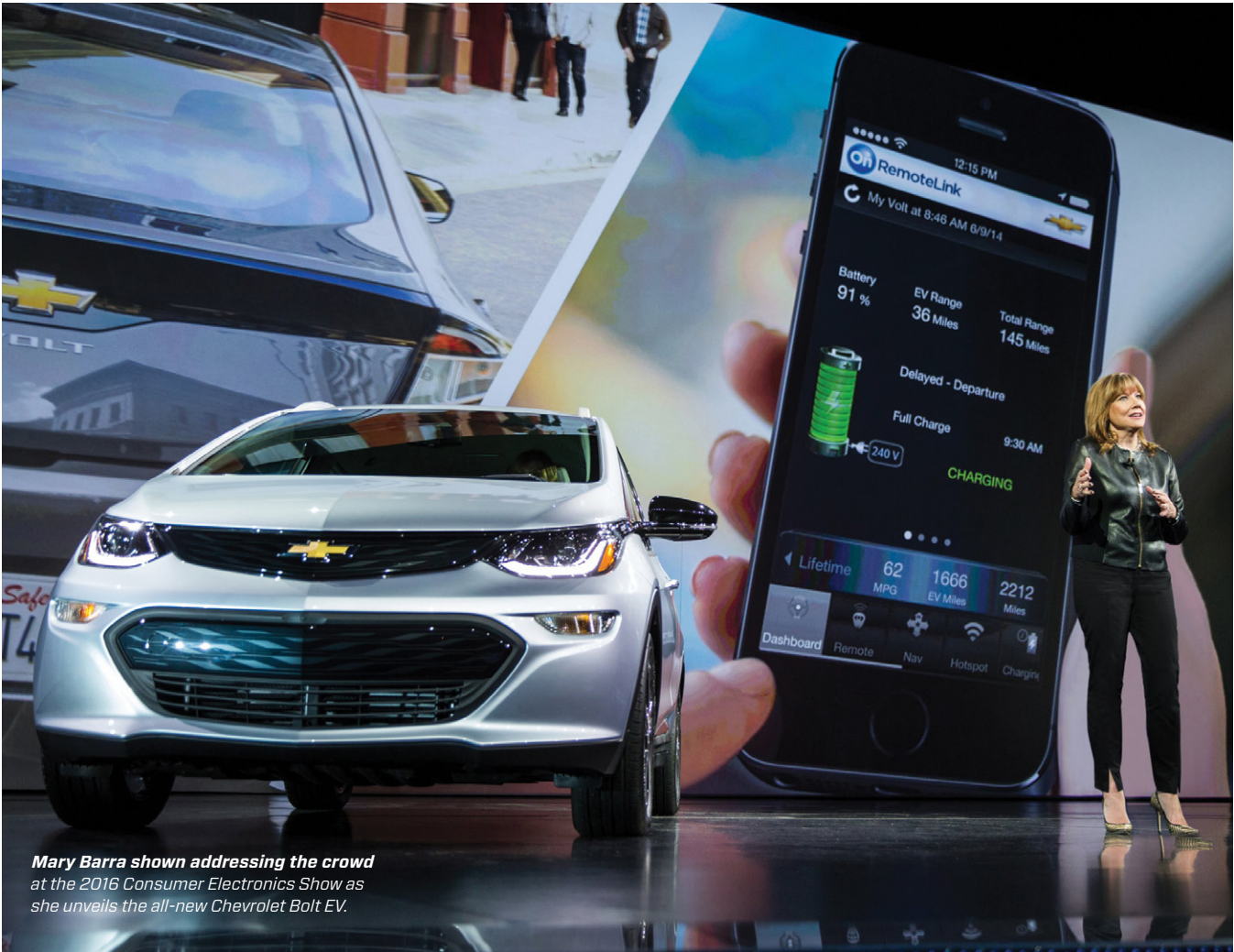
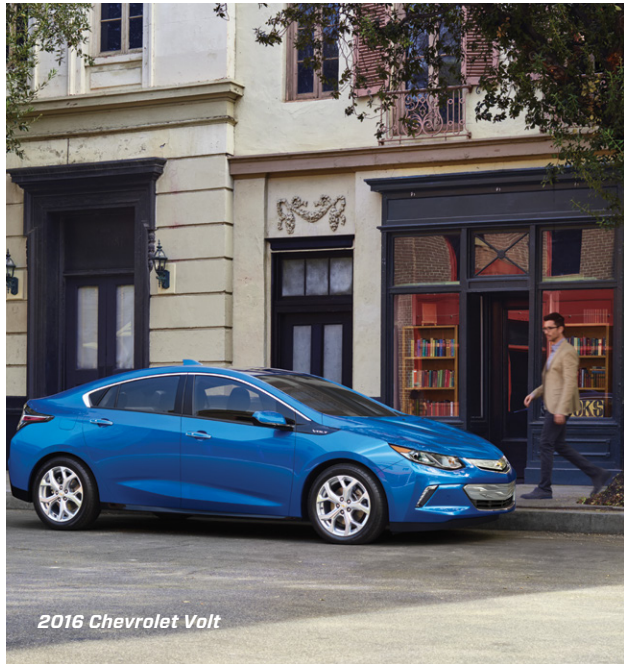
Growing up in North Carolina, Steve was drawn to architecture and design. Meanwhile, hours spent in the woods around his home gave him a deep love for the environment. Today he brings those two passions together as founder and CEO of a company that designs and manufactures sustainable homes in California.

“In my life and in my business, I view things through an environmental filter,” Steve says. “And I really appreciate

the fact that my Chevy Volt provides me with responsible transport. The vast majority of my trips are under 50 miles, so it’s rare that I have to use gas. But beyond that, it gives me great performance, handling and acceleration, which I love, too. It’s also a really well-appointed car that meets my higher-level design aesthetic, as well as my operational needs.

“The first-generation Volt was my first American-made car. I remember my first Facebook post when I bought it: ‘Earth Day every day, made in the USA!’ Now my new Volt has taken everything that was good about that car and made it great. What can I say? I love this car.”

Steve doesn’t follow the crowd. Neither do we. For us, leadership begins and ends with an intense focus on understanding — and being led by — our customers.



Mary Barra shown addressing the crowd at the 2016 Consumer Electronics Show as she unveils the all-new Chevrolet Bolt EV.

Customers at the center.

TO OUR SHAREHOLDERS

2015 was a strong year for General Motors,

including record sales and earnings, substantial return of capital to shareholders, continued strengthening of our core business and a series of actions to define and lead the future of personal mobility for a growing number of customers like Steve, featured on the cover of this year's report.

Steve drives a Chevrolet Volt, the car that redefined what electric vehicles could do when we introduced it in 2010. Volt began as a technology proof point. It became a real-world *starting point* that allowed us to push EV technology further and faster than many thought possible.

Last year, we introduced the second-generation Volt — more capable, more efficient, more advanced in every way. This year, we'll start production of the new Chevrolet Bolt EV, an all-electric vehicle with a range of more than 200 miles and a price around \$30,000 after government incentives. It's notable for many things, most importantly that it puts truly cutting-edge technology within the reach of so many customers. It cracks the code of long range at an affordable price, and I was delighted to introduce it earlier this year at the 2016 Consumer Electronics Show. Bolt EV's reception was, in a word, electric — and it was named Best of Show by the editors of *Digital Trends*.

The Chevrolet Volt and Bolt EV are just two examples of how continued strength in our core business today will help GM drive the future of personal mobility tomorrow — a future that will be here before we know it. Before exploring the exciting opportunities ahead, let's first take a look at our results from 2015, our plans for 2016 and our outlook for the future.

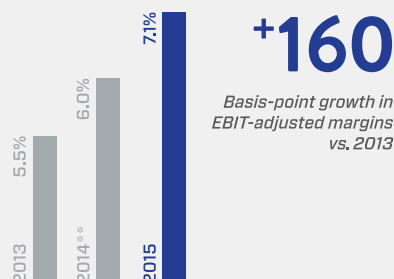
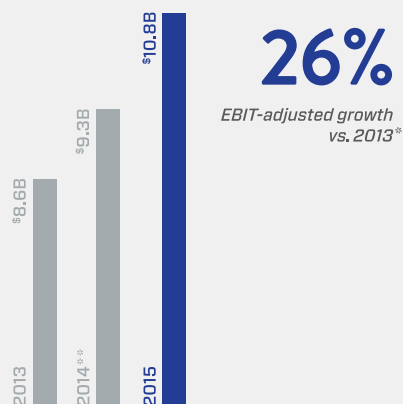
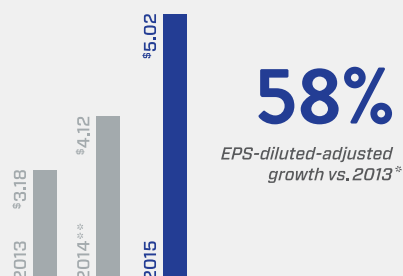
“The Chevrolet Volt and Bolt EV are just two examples of how continued strength in our core business today will help GM drive the future of personal mobility tomorrow.”

5





2015 FINANCIAL RESULTS



* Non-GAAP financial measure. See Page 26 for more information.

** Represents core operating performance, excludes recalls.

As you can see in the charts on this page, our company's financial performance in 2015 and over the last several years has been strong and improving. This includes records for net income, EBIT-adjusted and EBIT-adjusted margin, as well as EPS-diluted-adjusted that has increased 58 percent since 2013.

We also achieved our goal of 10-percent margin in North America a year ahead of schedule. And we ended 2015 with total automotive liquidity of \$32.5 billion and automotive cash and marketable securities of \$20.3 billion.

These results allowed us to increase shareholder returns as we create great cars, trucks and crossovers today and shape the future of personal mobility for tomorrow.

In 2015, we returned about \$5.7 billion to shareholders — \$2.2 billion in common stock dividends and \$3.5 billion through our common stock repurchase program.

Importantly, we increased the repurchase program from \$5 billion to \$9 billion and extended it through 2017. We also increased the regular quarterly common stock dividend by 6 percent, from 36 to 38 cents per share, beginning in the first quarter of 2016.

We are committed to executing our disciplined capital allocation framework, which includes returning all available free cash flow to our shareholders.

Our 2015 financial results were made possible by solid sales performances around the world. In 2015 we sold more than 9.9 million units, our third consecutive year of record global sales, and remained the industry sales leader in North America, South America, China and the U.S.

2016 OUTLOOK

In 2016, we remain committed to our financial targets: improved EBIT-adjusted, EBIT-adjusted margin, automotive adjusted free cash flow and EPS-diluted-adjusted.

We expect to hit these targets by pursuing our strategy of growth and transformation, meaning we will continue to:

- Improve our core business and take advantage of global growth opportunities
- Launch great new cars, trucks and crossovers
- Strengthen our brands
- Grow adjacent businesses
- And drive core efficiencies

CARS, TRUCKS AND CROSSOVERS

From boardroom to dealer showroom, we are committed to putting customers at the center of everything we do — a focus you see in the many new vehicles we're launching around the world, including:

- **Cadillac's new top-of-the-range CT6** luxury performance sedan
- The all-new **Cadillac XT5** mid-size luxury crossover
- The beautifully engineered and redesigned **Chevrolet Malibu** mid-size sedan
- A new version of our best-selling **Chevrolet Cruze**, which has sold more than 3.8 million units around the world since 2009
- The sixth-generation **Chevrolet Camaro**, the 2016 *Motor Trend* Car of the Year
- The striking **Buick Cascada**, the first Buick convertible offered in the U.S. in 25 years
- The all-new 2017 **GMC Acadia** crossover, which Edmunds.com named a "Most Popular Large Crossover SUV" in both 2014 and 2015
- The **Opel Astra**, the 2016 European Car of the Year
- The **Baojun 560** SUV, which is selling very well in China after arriving in showrooms in the second half of 2015
- And a refreshed **Chevrolet Onix** five-door hatchback, which last year became the best-selling vehicle in Brazil

I've driven each of these products, along with many others on the way, and they are by far the best cars, trucks and crossovers we have ever put on the road.

2015 SALES HIGHLIGHTS





2016 Cadillac XT5

STRONG BRANDS

Products like these are helping us build brands that inspire passion and loyalty around the world. We are proud to have 10 distinct brands that are sold in more than 120 countries.

Cadillac, our flagship brand, is continuing its journey to global luxury prominence with a drumbeat of exciting new products. This year's launch of the all-new CT6 full-size sedan marks Cadillac's return to the global prestige segment. It is one of eight new vehicles the brand plans to introduce by the end of the decade, several of which will take Cadillac into segments where it doesn't compete today.

Cadillac continues to expand rapidly in China, where strong demand helped the brand grow global sales last year by 8 percent. This is critical at a time when the global luxury segment, one of the most profitable in the industry, is expected to grow by a third by 2020. It's clear we have a big opportunity ahead of us with Cadillac.

Chevrolet, our largest brand, is coming off its best U.S. sales performance since 2007, thanks to strong demand

for trucks like the Chevrolet Silverado and Colorado, and crossovers like the city-smart Chevrolet Trax. In 2015, Chevrolet grew retail market share in the U.S. faster than any full-line automotive brand, with total sales up 5 percent to more than 2.1 million.

Buick sold nearly 1.3 million vehicles in 2015, its third straight year of record global sales, driven by best-ever sales in China and record U.S. deliveries of the Enclave and Encore crossovers. Buick will add a third crossover to its hot-selling U.S. lineup this year, the Buick Envision premium compact crossover, which has been a top seller in China.

Our "professional grade" brand, GMC, continued to perform exceptionally well in 2015, with its sixth consecutive year of sales gains and best year since 2005.

And in Europe, our resurgent Opel and Vauxhall brands delivered 1.1 million vehicles in 2015, their best sales performance in four years and third straight year of increased market share.

GROWTH IN ADJACENT BUSINESSES

In addition to our core business, we see excellent growth and profit opportunities in a number of adjacent areas.

In 2010, we acquired AmeriCredit as the first step toward re-establishing customer financing within GM. Since then, GM Financial (GMF) has grown rapidly both in terms of profitability and long-term benefits to the business, namely customer satisfaction and retention. In 2015, GMF financed 30 percent of our North American retail sales, triple what it financed in 2014. Our goal is to continue this rapid growth and to more than double GMF's earnings between 2014 and 2018.

Another outstanding opportunity for us is the aftermarket for service parts and accessories, a business with excellent margins. In recent years, we've grown our after-sales significantly, even though the total number of GM vehicles on the road had been declining. Now our vehicle population is expanding again, especially in China where many customers are just beginning to enter the aftermarket. We have an excellent opportunity to grow revenue and profitability in this area.

DRIVING EFFICIENCIES

Like any smart business, we are scouring the company to reduce costs and improve efficiency.

We know the auto business is cyclical and eventually there will be lean times. In response, we're changing the way we do business — driving to make every aspect of our operation “industry best” from a cost perspective, then working to continuously improve from there.

To date, we've identified about \$5.5 billion in efficiencies we expect to achieve through 2018. In 2015, we realized more than \$2 billion of these savings, twice what we generated in 2014. We are well on our way to achieving our 2018 goal, and I'm convinced we will do even more.

“Like any smart business, we are scouring the company to reduce costs and improve efficiency.”





CUSTOMERS USING SHARED MOBILITY

LONG-TERM OUTLOOK

Looking to 2020 and beyond, we're on track to achieve our corporate goal of global EBIT-adjusted margins of 9-10 percent by early next decade. In addition to what I've outlined above, two important reasons for my confidence are our aggressive product-launch plans and our opportunities in emerging growth markets.

In 2016, we expect 39 percent of our global sales to come from models that are new or refreshed in the previous 18 months. That's up from 26 percent in 2015, and we expect it to increase further to 40 percent in 2019 and 2020.

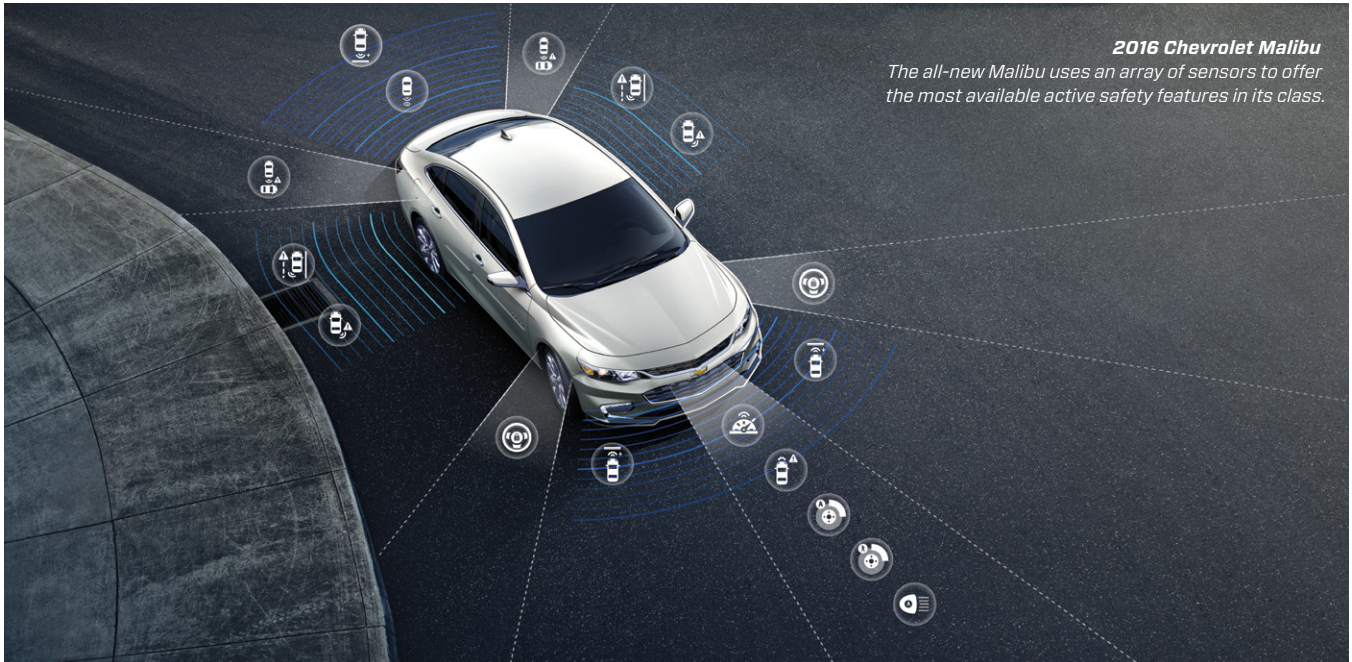
New products drive higher volumes and higher transaction prices. And because we've made major strides in recent years to improve the efficiency of our global product development process, I'm confident our new models will be more profitable as well.

Another reason for my optimism is the potential for sales and profit growth in emerging markets. In 2015, we announced a significant investment in a new family of Chevrolet vehicles that will consolidate and replace several existing models in key markets like China, India and Mexico. We expect this program to grow to more than 2 million vehicles annually and drive huge savings across the business. We expect to see the first vehicle in this new family in model-year 2019.

THE FUTURE OF PERSONAL MOBILITY

Across the industry and around the world, social and technological changes are rapidly transforming personal mobility. I truly believe the auto industry will change more in the next five years than it has in the last 50. At GM, we're excited by this kind of disruption and are committed to leading it.

In fact, thanks in large part to the strength of our core business, we've made significant investments in technologies that are rewriting the rules of vehicle use and ownership, including connectivity, car-sharing, alternative propulsion and autonomous driving. We see tremendous opportunities in these



2016 Chevrolet Malibu
The all-new Malibu uses an array of sensors to offer the most available active safety features in its class.

technologies, including the chance to develop dramatically cleaner, safer, smarter and more energy-efficient vehicles for customers around the world.

Many of the changes in mobility are made possible by connectivity, and GM's 20 years of OnStar experience give us a commanding lead. By the end of 2016, we anticipate having 12 million connected vehicles on four continents thanks to OnStar. We're also the industry leader in 4G LTE connectivity. In 2015, we sold seven times more 4G-equipped vehicles than the rest of the industry combined. And this is just the start of the OnStar story.

Since being introduced in 1996, OnStar has now responded to more than 1.2 billion customer requests, from automatic crash response and remote door unlock, to stolen-vehicle recovery and more — up to 20 services in all. Even more exciting is where OnStar will take us in the future, as we build on our growing connections to expand the customer experience beyond the car.

Today, the options for getting from point to point have grown considerably. Whether you own a car, share a car or share a ride — and whether you travel by car or some other form of transportation — connectivity can make your trip faster, less expensive and more convenient. Our plan optimizes this fact, whether our customer is inside or outside the car.

An important change shaping personal mobility is growth of the sharing economy. Today, an estimated 15 million people

around the world, mainly millennials, use shared mobility services such as ridesharing and car-sharing. By 2020, this number is projected to be more than 50 million, and we plan to be a big part of it.

In 2015, we launched car-sharing programs in Germany, China and New York City. In early 2016, we announced new programs in Chicago and Ann Arbor, Michigan, and combined all our efforts under a single brand we call Maven.

Maven offers access to highly personalized, on-demand mobility services. Customers use a mobile app to search for and reserve a vehicle by location or car type and unlock the vehicle with their smartphone. The app also enables remote vehicle functions like starting and heating or cooling. And customers can bring their digital lives into the vehicle through Apple CarPlay, Android Auto, OnStar, SiriusXM radio and 4G LTE wireless. Think of it as an ownership-like experience with the convenience of car-sharing.

We're also very excited about a strategic alliance we announced earlier this year with Lyft, the fastest-growing ridesharing company in the U.S., and the pending acquisition of Cruise Automation, a leader in autonomous technology. We believe the convergence of connectivity, ridesharing and autonomous vehicles will shape the future of personal mobility, and we're working across multiple fronts to create an integrated network of on-demand autonomous vehicles in the U.S.



In the meantime, Lyft drivers and customers have access to our portfolio of cars and OnStar services, creating a richer ridesharing experience for drivers and passengers alike. We're also now a preferred provider of short-term-use vehicles to Lyft drivers through a number of U.S. rental hubs.

Another area where we're changing the industry is alternative propulsion, including electric vehicles like the Chevrolet Volt and Bolt EV models I mentioned earlier. For more on the Bolt EV, take a look at the feature on Vehicle Chief Engineer Josh Tavel on Page 18.

Beyond the Chevrolet Volt and Bolt EV, the GM team is leading the charge to bring other breakthrough vehicles to customers around the world — vehicles like the all-new Chevrolet Malibu Hybrid, which gets combined city-highway fuel economy of 47 miles per gallon, and an all-new Cadillac plug-in hybrid EV slated for 2017.

Meanwhile, active safety technology and the rapid advancement of connectivity are providing the foundation for increased automation, leading eventually to fully autonomous driving. As a step, Cadillac plans to introduce “Super Cruise” technology in 2017 on the Cadillac CT6. Super Cruise is a highway driving automation technology that will enable hands-free driving, even in stop-and-go traffic.

BEHAVIORS AND VALUES

With so many changes transforming the global auto industry, it's more important than ever that we maintain a consistent understanding within GM of who we are and why we are here. It's critical that we take our core values to heart and live the behaviors we need to win in today's ultra-competitive global auto industry.

It starts by putting customers at the center of everything we do. Throughout the company, we listen intently to our customers' needs. We focus on things that delight the customer, that add value for the customer, and therefore earn customers for life. Quality and safety — both customer and workplace — are foundational commitments, never compromised. We've made a clear commitment to become the industry leader in vehicle safety, and we are working diligently and making steady progress toward achieving this goal.

We build relationships inside and outside the company by holding ourselves accountable and keeping commitments. Individually and collectively, around the world, we do what we say we are going to do.

And we drive excellence into everything we do. We look over the horizon to anticipate what's coming, we look for opportunities in every challenge and we demonstrate the tenacity to win in all things. We act with integrity and take accountability for our results.

THE GM TEAM

I am very proud to work with and lead the diverse and talented men and women of General Motors around the world.

Everything we achieved in 2015, and all that we'll accomplish in 2016 and beyond, stems from their dedication and drive, their willingness to say "your problem is my problem" and their commitment to working and winning as a team.

It's easy to be inspired — as I am every day — when you see their passion for the industry, the quality of their work and their unwavering commitment to building great cars, trucks and crossovers and creating great experiences for our customers around the world.

READY TO LEAD

I look back on 2015 knowing it was a strong year for GM, as was 2014 before it. I'm convinced we will deliver even more in 2016.

We'll continue to strengthen our core business, take advantage of growth opportunities and define the future of personal mobility. Through it all, we'll continue to put customers at the center of everything we do, while maximizing shareholder returns and long-term value.

I believe the opportunities in today's auto industry are as great as they have ever been. And I couldn't be more excited about GM leading the way, as we deliver for our customers and shareholders for years to come.

Respectfully,



Mary Barra
Chairman & CEO
April 22, 2016

“We'll continue to strengthen our core business, take advantage of growth opportunities and define the future of personal mobility. Through it all, we'll continue to put customers at the center of everything we do, while maximizing shareholder returns and long-term value.”





2016 Chevy Tahoe



2017 Chevrolet Cruze Hatchback



The 2016 Buick Encore provides OnStar technology that keeps you connected wherever you are.



2016 Baojun 560

Customers at the Center, Strength at the Core.

At our core, we're a car, truck and crossover company. Every day, we work tirelessly to strengthen this core business by building our brands and improving our vehicle lineup with technologies and innovations that exceed the ever-changing expectations of customers around the world.

The award-winning Chevrolet Camaro and Opel Astra, the all-new Baojun 560 SUV and Buick Envision — these are just a few of the many new products that are winning customers with their stunning design and advanced, intuitive technologies. And there are many more to come.

We're also moving quickly to increase customer interactions through adjacent businesses like OnStar, GM Financial and aftersales. Not only do these businesses add to our bottom line, they also give us more touch points that help strengthen our relationships with our customers.

Meanwhile, we're also driving a new level of efficiency through all of our operations. The savings we generate help us reinvest in the business to create value our customers see in the vehicles they drive, and value our shareholders receive for their investment in us.

By winning in our core business today, we're creating the financial flexibility and the capability to innovate and invest in the future. At General Motors, we envision personal mobility as *mobility made personal* in ways that give our customers more convenience ... more choice ... more freedom to live their lives on their own terms. As we strive to lead this exciting transformation of personal mobility, we're changing the game in four key areas ...



CONNECTIVITY: BEYOND THE CAR

We live in an age of seamless connectivity. For most of us it's hard to imagine not being in constant touch with family, friends, work, information and entertainment — whenever we want to, wherever we are. And at GM we're finding more and better ways to make your car an integral part of it all. Our 20 years of experience with OnStar have certainly helped us take the lead in this area. And as we continue to expand the possibilities of the connected car, we're also expanding its benefits to our customers — from services like OnStar Smart Driver that can tell them how well they drive and give them the opportunity to anonymously seek discounts from insurance companies, to proactive service alerts that can flag potential problems before they happen.

Our OnStar-designed RemoteLink mobile app literally makes your vehicle an extension of your mobile device — letting you do everything from remotely starting the engine and unlocking the doors, to sending trip routes to the car and customizing your Wi-Fi settings.

And we've come up with a way to keep your young drivers safer on the road, with our Teen Driver app. It not only lets you monitor your kids' driving habits — it even mutes the radio or any paired device until their seat belts are fastened.

These are all important ways we're making our customers' lives better, while expanding our customer relationships beyond the car.

SHARING: **URBAN MOBILITY** **REIMAGINED**

Around the world, people are changing how they get from Point A to Point B. And for millions of us in urban areas, especially, this shift is changing and evolving our relationship with the car in fundamental ways. At GM, we're committed to help drive that evolution. That's why we're offering customers an expanding range of car-sharing options.

In 2015, we launched CarUnity in Germany to help introduce the Opel brand to young people who want to be mobile, but don't have their own car. And in China, we launched a two-year car-sharing pilot with Shanghai Jiao Tong University that features 16 Chevrolet EN-V 2.0 electric concept vehicles.

In January 2016, we announced our personal mobility brand, Maven, a new car-sharing service that combines and expands GM's car-sharing programs under one label. Maven uses a mobile app to provide highly personalized mobility services that deliver on-demand access, choice and ease of use.

It's about offering you the right vehicle for the right trip at the right time — whether you need wheels for a midday meeting across town, a run to the grocery store or a weekend getaway.





Josh Tavel and members of his team
Chief Engineer, Chevrolet Bolt EV

ALTERNATIVE PROPULSION: POWERING THE FUTURE

As more and more customers demand cars powered by new and cleaner technologies, we're taking the lead in shaping the future of alternative propulsion. That future is being driven by the creativity, passion and hard work of many people at GM — including Josh Tavel, chief engineer on the groundbreaking new Chevrolet Bolt EV, which goes into production later this year.

Josh leads a team nearly 500 strong who work across more than a dozen time zones in the United States, Germany and Korea. They may work at different times of the day in different parts of the world, but they're all on the same page when it comes to their mission.

"We're purely focused on making an amazing car," Josh said. "We can't wait until customers can get into this vehicle. And for our team, every detail matters; there's nothing too small.

"One of the things that makes what we do so invigorating is the way you get to surprise and delight the customer," he added. "They may buy the Bolt for electric power, but then they'll discover benefits they didn't expect. It's so quiet ... there's no shifting ... you get instant torque. It gets them excited — and us, too."

It says a lot about Josh's leadership style that his office doesn't have a desk — just a big conference table where he and his team spend hours looking at ways to improve every aspect of the Bolt. And many of those improvements are driven by customer feedback from another breakthrough electric vehicle, the Chevrolet Volt.

"Our experience with the first and second generations of the Volt is a big help, because we have a customer base that's passionate about giving us feedback," Josh said.

“We’re not looking to build a car that’s just best among electrics. We’re looking to build a car that’s best in segment and exciting to drive. Period.”

“They tell us what they love and what they don’t. Not a day goes by that we’re not factoring in direct customer input as we make decisions about developing the Bolt.”

When he’s not at work, Josh pursues his lifelong passion of engineering and driving race cars. That heritage has given him an unstoppable, pedal-to-the-metal approach to his work. And it’s an approach that’s shared by his team.

“Collectively we have a ‘whatever it takes’ attitude,” he said. “There’s nothing we are leaving unturned. We are going to deliver on all fronts. That’s the expectation.”

As the Bolt EV nears production and heads for Chevrolet dealerships later this year, the anticipation and those high expectations are building for Josh and his team.

“We’re not looking to build a car that’s just best among electrics,” Josh said. “We’re looking to build a car that’s best in segment and exciting to drive. Period.”

ESTIMATED
RANGE OF
200+
MILES

PRICED AS LOW AS
\$30K
AFTER FEDERAL
TAX CREDITS

10.2"
MYLINK COLOR
CUSTOMIZABLE
TOUCHSCREEN
DISPLAY

19



The All-Electric 2017 Chevrolet Bolt EV
Pre-Production model shown



General Motors President Dan Ammann (right) with Cruise Automation co-founders Kyle Vogt (center) and Daniel Kan (left)

20 AUTONOMOUS: DRIVING TOWARD DRIVERLESS

One of the truly exciting stories at today's GM is how we are accelerating our efforts to lead the next frontier in personal mobility — cars that drive themselves.

The potential benefits of fully autonomous vehicles are many, including greater convenience, lower cost and improved safety for the daily mobility needs of GM customers all over the world.

To capitalize on GM's deep engineering talent and speed the arrival of self-driving cars, we created a new Autonomous and Technology Vehicle Development team this past February.

Several hundred engineers strong, this team will focus GM's collective expertise in everything from electrical controls and software to safety integration and vehicle development — all crucial elements to realize the full potential and promise of autonomous vehicles.

When you're defining the future, it's also important to be open to new ideas and fresh, outside perspective. This is exactly the thinking behind our new strategic alliance with Lyft, the fastest-growing ridesharing company in the U.S., and our pending acquisition of San Francisco-based Cruise Automation, a leading startup in autonomous technology.

Cruise will operate as an independent unit within our Autonomous and Technology Vehicle Development team and will complement GM's core engineering talent and advanced technology in the autonomous space.

The convergence of rapidly improving technology and changing customer preferences is creating an inflection point for the transportation industry not seen in decades.

We believe our decades of leadership in vehicle connectivity, software integration, electrification and advanced technology are fundamental to our quest to define the future of personal mobility.

STEM:

THE NEXT GENERATION

There's another important way we're driving the wave of innovation that's shaping the future for all of us. And that's by working today to help shape the minds of tomorrow's innovators. In particular, we're engaged in many efforts to encourage young people to prepare for careers in science, technology, engineering and math (STEM), from K-8 initiatives to high school programs to college scholarships.

And those efforts are making a difference. For example, consider Ashley Legato. Today, she's a component integration design engineer at the GM Tech Center in Warren, Michigan. But her path to a GM career began with an international program called the FIRST® Robotics Competition — For Inspiration and Recognition of Science and Technology. GM, as a Founding Sponsor of FIRST, supports hundreds of teams involving thousands of students around the world.

Ashley became part of a GM-sponsored FIRST team in her sophomore year of high school, and the experience stuck with her through college. "After I graduated from Michigan Tech University, I interviewed with other companies," she said. "But I really wanted to go back to GM because of the mentors I worked with and the great experience I had working in a GM facility with GM engineers."

"I started at GM as a validation engineer, and it was cool to rejoin my old FIRST team as a mentor. The students come up with a concept and we help them turn it into 2-D and 3-D drawings. Then our student machinists build it. It's so great to see their faces when something out of their imaginations comes to life right in front of them!"

Ashley is just one example of how GM is working to put a fresh, diverse face on our world's next generation of engineers, scientists and business leaders. We're betting they'll go on to change the game further in ways we haven't even thought of yet.



"I really wanted to go back to GM because of the mentors I worked with and the great experience I had working in a GM facility with GM engineers."

21





Above: The General Motors Board of Directors with the 2016 CADILLAC CT6, an all-new touring sedan that extends the top of Cadillac's range. Thanks to pioneering new manufacturing and design methods, the CT6 achieves dynamic performance, efficiency and agility previously unseen in large luxury cars. The CT6 is being built at GM's Detroit-Hamtramck assembly plant on Detroit's east side.

BOARD OF DIRECTORS *As of April 1, 2016*

Beginning on left:

TOM SCHOEWE

Retired Executive Vice President & Chief Financial Officer, Wal-Mart Stores, Inc.,
Joined Board 11/14/11

KATHY MARINELLO

Senior Advisor, Ares Management LLC,
Joined Board 07/10/09

JIM MULVA

Retired Chairman & Chief Executive Officer, ConocoPhillips,
Joined Board 06/12/12

CAROL STEPHENSON

Retired Dean, Ivey Business School, The University of Western Ontario,
Joined Board 07/24/09

TIM SOLSO

Independent Lead Director, General Motors Company and Retired Chairman & Chief Executive Officer, Cummins Inc.,
Joined Board 06/12/12

MARY BARRA

Chairman & Chief Executive Officer, General Motors Company,
Joined Board 01/15/14

MIKE MULLEN

Former Chairman, Joint Chiefs of Staff,
Joined Board 02/01/13

LINDA GOODEN

Retired Executive Vice President, Information Systems and Global Solutions, Lockheed Martin Corporation,
Joined Board 02/05/15

JOE ASHTON

Retired Vice President, United Auto Workers,
Joined Board 08/11/14

PAT RUSSO

Chairman, Hewlett Packard Enterprise Company,
Joined Board 07/24/09

STEVE GIRSKY

President, S. J. Girsky & Company,
Joined Board 07/10/09

JOE JIMENEZ

Chief Executive Officer, Novartis AG,
Joined Board 06/09/15



LEADERSHIP TEAM *As of April 1, 2016*

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Chairman & Chief Executive Officer

DAN AMMANN

President

ALAN BATEY

Executive Vice President & President,
North America

DAN BERGE

Senior Vice President
President & CEO, GM Financial

ALICIA BOLER-DAVIS

Senior Vice President,
Global Connected Customer Experience

TONY CERVONE

Senior Vice President,
Global Communications

JIM DELUCA

Executive Vice President,
Global Manufacturing

JOHAN DE NYSSCHEN

Executive Vice President & President,
Cadillac

BARRY ENGLE

Executive Vice President & President,
South America

CRAIG GLIDDEN

Executive Vice President & General Counsel

STEFAN JACOBY

Executive Vice President & President,
GM International

VICTORIA MCINNIS

Vice President, Tax and Audit

RANDY MOTT

Senior Vice President, Global Information
Technology & Chief Information Officer

KARL-THOMAS NEUMANN

Executive Vice President & President, Europe
Chairman of the Management Board of Opel
Group GmbH

JOHN QUATTRONE

Senior Vice President,
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MARK REUSS

Executive Vice President,
Global Product Development,
Purchasing and Supply Chain

CHUCK STEVENS

Executive Vice President
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DHIVYA SURYADEVARA

Vice President, Finance and Treasurer
CEO & Chief Investment Officer,
GM Asset Management

JILL SUTTON

Corporate Secretary & Deputy
General Counsel, Corporate,
Finance and Strategic Transactions

TOM TIMKO

Vice President, Controller & Chief
Accounting Officer

MATT TSIENT

Executive Vice President & President,
GM China

ED WELBURN

Vice President, Global Design

FINANCIAL CONTENTS

25	Vehicle Sales and Net Revenue	62	Consolidated Income Statements
26	Reconciliation of Non-GAAP Measures	63	Consolidated Statements of Comprehensive Income
27	Market for Common Equity and Related Stockholder Matters	64	Consolidated Balance Sheets
28	Selected Financial Data	65	Consolidated Statements of Cash Flows
29	Management's Discussion and Analysis of Financial Condition and Results of Operations	66	Consolidated Statements of Equity
56	Quantitative and Qualitative Disclosures About Market Risk	67	Notes to Consolidated Financial Statements
62	Financial Statements and Supplementary Data	120	Controls and Procedures

HIGHLIGHTS

\$152B

WORLDWIDE NET
SALES & REVENUE

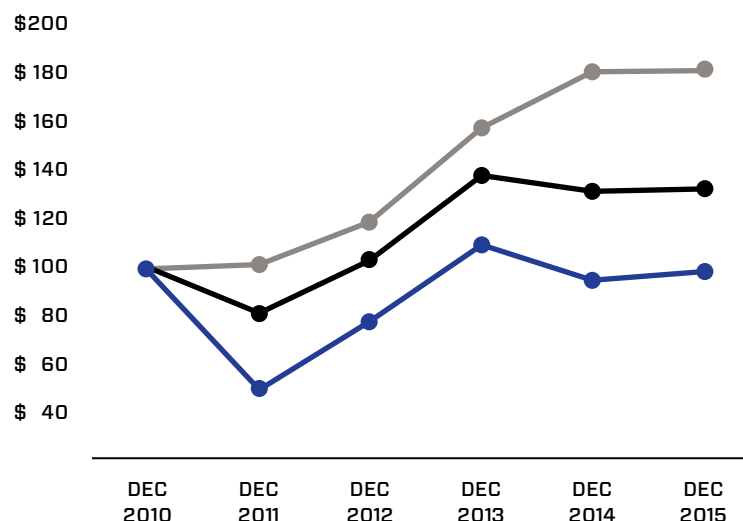
\$9.7B

NET INCOME ATTRIBUTABLE
TO COMMON STOCKHOLDERS

\$5.91

DILUTED EARNINGS
PER COMMON SHARE

COMPARISON OF CUMULATIVE TOTAL RETURN



CUMULATIVE VALUE OF \$100 INVESTMENT THROUGH DECEMBER 31, 2015

	2010	2011	2012	2013	2014	2015
● GENERAL MOTORS COMPANY						
\$100	\$ 54.99	\$ 78.21	\$ 110.88	\$ 98.04	\$ 99.46	
● S&P 500 STOCK INDEX						
\$100	\$ 102.11	\$ 118.45	\$ 156.82	\$ 178.28	\$ 180.75	
● DOW JONES AUTOMOBILES & PARTS TITANS 30 INDEX						
\$100	\$ 83.96	\$ 104.40	\$ 138.58	\$ 132.57	\$ 131.66	

Source: Bloomberg

VEHICLE SALES AND NET REVENUE

(in millions, except units per share & employment)

	2014	2015
VEHICLE SALES, INCLUDING JOINT VENTURES - (000'S UNITS)		
GMNA	3,413	3,612
GME	1,256	1,176
GMIO	4,378	4,525
GMSA	878	645
Worldwide Vehicle Sales	9,925	9,958
FINANCIAL RESULTS		
Worldwide Net Sales & Revenue	\$ 155,929	\$ 152,356
Earnings Before Interest and Income Taxes - Adjusted*	\$ 6,494	\$ 10,814
Net Income Attributable to Common Stockholders	\$ 2,804	\$ 9,687
Diluted Earnings Per Common Share	\$ 1.65	\$ 5.91
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS		
AVAILABLE AUTOMOTIVE LIQUIDITY		
Cash and Marketable Securities	\$ 25,202	\$ 20,340
Credit Facilities	12,026	12,152
Total Available Automotive Liquidity	\$ 37,228	\$ 32,492
KEY AUTOMOTIVE OBLIGATIONS		
Debt	\$ 9,350	\$ 8,765
Underfunded U.S. Pension	10,901	10,414
Total Automotive Obligations	\$ 20,251	\$ 19,179
ADJUSTED AUTOMOTIVE FREE CASH FLOW		
Operating Cash Flow	\$ 10,132	\$ 9,995
Less: Capital Expenditures	(7,039)	(7,784)
Adjustments	53	-
Adjusted Automotive Free Cash Flow	\$ 3,146	\$ 2,211
EMPLOYMENT - YEAR END (000'S)		
GMNA	110	115
GME	37	36
GMIO	33	32
GMSA	29	24
GM Financial	7	8
Worldwide Employment	216	215

*Includes GM Financial on an Earnings Before Tax (EBT)-adjusted basis

GENERAL MOTORS COMPANY AND SUBSIDIARIES RECONCILIATION OF NON-GAAP MEASURES

The accompanying Letter to Stockholders includes earnings before interest and taxes adjusted for special items (EBIT-adjusted) and Adjusted automotive free cash flow which are not prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent auditors. EBIT-adjusted and Adjusted automotive free cash flow are considered non-GAAP measures.

Management believes these non-GAAP measures provide meaningful supplemental information regarding GM's operating results and liquidity because they exclude amounts that management does not consider when assessing and measuring operational and financial performance. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. GM believes these non-GAAP measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

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. GM's calculation of these non-GAAP measures may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in their 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 or Net income attributable to common stockholders. Due to these limitations, these non-GAAP measures are used as a supplement to U.S. GAAP measures.

The following table summarizes the reconciliation of EBIT-adjusted and EPS-diluted adjusted to their most comparable U.S. GAAP measures:

	2013	2014	2015
OPERATING SEGMENTS (dollars in millions)			
GMNA ^(a)	\$ 7,461	\$ 6,603	\$ 11,026
GME ^(a)	(869)	(1,369)	(813)
GMIO ^(a)	1,255	1,222	1,397
GMSA ^(a)	327	(180)	(622)
GM Financial ^(b)	898	803	837
Total Operating Segments	\$ 9,072	\$ 7,079	\$ 11,825
Corporate and Eliminations	(494)	(585)	(1,011)
EBIT-ADJUSTED (dollars in millions)			
	\$ 8,578	\$ 6,494	\$ 10,814
Special Items	(805)	(2,327)	(3,199)
Automotive Interest Income	246	211	169
Automotive Interest Expense	(334)	(403)	(443)
Gain (loss) on Extinguishment of Debt	(212)	202	449
Income Tax Benefit (expense)	(2,127)	(228)	1,897
Net Income Attributable to Stockholders	\$ 5,346	\$ 3,949	\$ 9,687
EPS-ADJUSTED			
Diluted Earnings per Common Share	\$ 2.38	\$ 1.65	\$ 5.91
Net Impact of Adjustments	0.80	1.40	(0.89)
EPS-Diluted Adjusted	\$ 3.18	\$ 3.05	\$ 5.02

(a) GM's automotive operations' interest income and interest expense are recorded centrally in Corporate.

(b) GM Financial amounts represent income before income taxes.

In the year ended December 31, 2014, adjustments to automotive free cash flow included the following:

- Pension contributions of \$53 million related to the previously announced annuitization of the U.S. salaried pension plan.

In the year ended December 31, 2014, special items for EBIT-adjusted included the following:

- Catch-up adjustment related to the change in estimate for recall campaigns of \$974 million in GMNA;
- Venezuela currency devaluation loss of \$419 million in GMSA;
- Charge related to the funding of the Ignition Switch Recall compensation program of \$400 million in Corporate;
- Asset impairment charges in Russian subsidiaries of \$245 million in GME;

- Asset impairment charges in Thailand subsidiaries of \$158 million in GMIO;
- Goodwill impairment charges of \$120 million in GMSA;
- Charges related to flood damage, net of insurance recoveries, of \$101 million in GMNA; and
- Other charges of \$10 million.

In the year ended December 31, 2015, special items for EBIT-adjusted included the following:

- Net insurance recoveries related to flood damage of \$47 million in GMNA;
- Costs related to the change in our business model in Russia of \$358 million in GME and \$85 million in GMIO, which is net of noncontrolling interests;
- Asset impairment charges in Thailand subsidiaries of \$297 million in GMIO;
- Venezuela currency devaluation loss of \$604 million in GMSA;
- Asset impairment charges in Venezuela subsidiaries of \$116 million in GMSA;
- Charges related to the Ignition Switch Recall compensation program of \$195 million in Corporate;
- Various settlements and legal matters related to the Ignition Switch Recall of \$1.6 billion in Corporate.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

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 on which the stock is traded:

	Years Ended December 31,			
	2015		2014	
	High	Low	High	Low
First quarter	\$ 38.99	\$ 32.36	\$ 41.06	\$ 33.57
Second quarter	\$ 37.45	\$ 33.06	\$ 37.18	\$ 31.70
Third quarter	\$ 33.61	\$ 24.62	\$ 38.15	\$ 31.67
Fourth quarter	\$ 36.88	\$ 29.98	\$ 35.45	\$ 28.82

Holders

At January 27, 2016 we had 1.5 billion issued and outstanding shares of common stock held by 447 holders of record.

Dividends

Our Board of Directors began declaring quarterly dividends on our common stock in the three months ended March 31, 2014. It is anticipated that dividends on our common stock will continue to be declared and paid quarterly. However the declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Any dividend 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 and other factors. Refer to Selected Financial Data for cash dividends declared on our common stock for the years ended December 31, 2015 and 2014.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Selected Financial Data

Selected financial data is summarized in the following table (dollars in millions except per share amounts):

	At and for the Years Ended December 31,				
	2015	2014	2013	2012	2011
Income Statement Data:					
Total net sales and revenue	\$ 152,356	\$ 155,929	\$ 155,427	\$ 152,256	\$ 150,276
Net income(a)	\$ 9,615	\$ 4,018	\$ 5,331	\$ 6,136	\$ 9,287
Net income attributable to stockholders	\$ 9,687	\$ 3,949	\$ 5,346	\$ 6,188	\$ 9,190
Net income attributable to common stockholders(b)	\$ 9,687	\$ 2,804	\$ 3,770	\$ 4,859	\$ 7,585
Basic earnings per common share(a)(b)(c)	\$ 6.11	\$ 1.75	\$ 2.71	\$ 3.10	\$ 4.94
Diluted earnings per common share(a)(b)(c)	\$ 5.91	\$ 1.65	\$ 2.38	\$ 2.92	\$ 4.58
Dividends declared per common share	\$ 1.38	\$ 1.20	\$ —	\$ —	\$ —
Balance Sheet Data:					
Total assets(d)	\$ 194,520	\$ 177,501	\$ 166,231	\$ 149,422	\$ 144,603
Automotive notes and loans payable	\$ 8,765	\$ 9,350	\$ 7,098	\$ 5,172	\$ 5,295
GM Financial notes and loans payable(d)	\$ 54,346	\$ 37,315	\$ 28,972	\$ 10,878	\$ 8,538
Series A Preferred Stock(b)		\$ —	\$ 3,109	\$ 5,536	\$ 5,536
Series B Preferred Stock(e)			\$ —	\$ 4,855	\$ 4,855
Total equity	\$ 40,323	\$ 36,024	\$ 43,174	\$ 37,000	\$ 38,991

- (a) In the year ended December 31, 2015 we recorded the reversal of deferred tax asset valuation allowances of \$3.9 billion in GM Europe (GME) and recorded charges related to the Ignition Switch Recall for various legal matters of approximately \$1.6 billion. In the year ended December 31, 2014 we recorded charges of approximately \$2.9 billion in Automotive cost of sales related to recall campaigns and courtesy transportation, a catch-up adjustment of \$0.9 billion recorded related to the change in estimate for recall campaigns and a charge of \$0.4 billion related to the Ignition Switch Recall compensation program. In the year ended December 31, 2012 we recorded Goodwill impairment charges of \$27.1 billion, the reversal of deferred tax asset 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.
- (b) In December 2014 we redeemed all of the remaining shares of our Series A Preferred Stock for \$3.9 billion, which reduced Net income attributable to common stockholders by \$0.8 billion. In September 2013 we purchased 120 million shares of our Series A Preferred Stock held by the UAW Retiree Medical Benefits Trust (New VEBA) for \$3.2 billion, which reduced Net income attributable to common stockholders by \$0.8 billion.
- (c) In the year ended December 31, 2012 we used the two-class method for calculating earnings per share as the Series B Preferred Stock was a participating security. Refer to Note 20 to our consolidated financial statements for additional detail.
- (d) In the year ended December 31, 2013 General Motors Financial Company, Inc. (GM Financial) acquired Ally Financial Inc.'s (Ally Financial) international operations in Europe and Latin America.
- (e) In December 2013 all of our Series B Preferred Stock automatically converted into 137 million shares of our common stock.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

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.

Non-GAAP Measures

Management uses earnings before interest and taxes (EBIT)-adjusted to review the operating results of our automotive segments because it excludes interest income, interest expense and income taxes as well as certain additional adjustments. GM Financial uses income before income taxes-adjusted because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. Examples of adjustments to EBIT and GM Financial's income before income taxes include certain impairment charges related to goodwill, other long-lived assets and investments; certain gains or losses on the settlement/extinguishment of obligations; and gains or losses on the sale of non-core investments. Refer to Note 23 to our consolidated financial statements for our reconciliation of these non-GAAP measures to the most directly comparable financial measure under U.S. GAAP, Net income attributable to stockholders.

Management uses earnings per share (EPS)-diluted-adjusted to review our consolidated diluted earnings per share results on a consistent basis. EPS-diluted-adjusted is calculated as net income attributable to common stockholders less certain adjustments noted above for EBIT-adjusted on an after-tax basis as well as certain income tax adjustments divided by weighted-average common shares outstanding — diluted.

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

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

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

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

The following table reconciles EPS-diluted-adjusted to its most comparable financial measure under U.S. GAAP diluted earnings per common share:

	Years Ended December 31,		
	2015	2014	2013
Diluted earnings per common share	\$ 5.91	\$ 1.65	\$ 2.38
Net impact of adjustments(a)	(0.89)	1.40	0.80
EPS-diluted-adjusted	<u>\$ 5.02</u>	<u>\$ 3.05</u>	<u>\$ 3.18</u>

- (a) Includes the adjustments disclosed in Note 23 to our consolidated financial statements on an after-tax basis for all periods presented, income tax benefit of \$3.9 billion related to the reversals of deferred tax asset valuation allowances primarily at GME in the year ended December 31, 2015 and income tax benefit of \$0.5 billion related to income tax settlements in the year ended December 31, 2013.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

	Years Ended December 31,		
	2015	2014	2013
EBIT-adjusted	\$ 10.8	\$ 6.5	\$ 8.6
Average equity	\$ 37.0	\$ 41.3	\$ 39.5
Add: Average automotive debt and interest liabilities (excluding capital leases)	8.1	6.8	5.0
Add: Average automotive net pension & OPEB liability	28.3	26.6	32.6
Less: Average fresh start accounting goodwill		(0.1)	(0.5)
Less: Average automotive net income tax asset	(33.6)	(32.4)	(34.1)
ROIC average net assets	<u>\$ 39.8</u>	<u>\$ 42.2</u>	<u>\$ 42.5</u>
ROIC	<u>27.2%</u>	<u>15.4%</u>	<u>20.2%</u>

Overview

Our strategic plan includes several major initiatives that we anticipate will help us achieve 9% to 10% margins on an EBIT-adjusted basis (EBIT-adjusted margins, calculated as EBIT-adjusted divided by Net sales and revenue) by early next decade: earn customers for life by delivering great products to our customers, leading the industry in quality and safety and improving the customer ownership experience; lead in technology and innovation, including OnStar 4G LTE and connected car, alternative propulsion, urban mobility including ride and car sharing, active safety features and autonomous vehicles; grow our brands, particularly the Cadillac brand in the U.S. and China and the Chevrolet brand globally; continue our growth in China; continue the growth of GM Financial into our full captive automotive financing company; and deliver core operating efficiencies.

For the year ending December 31, 2016 we expect to continue to generate strong consolidated financial results including improved EBIT-adjusted and EBIT-adjusted margins, EPS-diluted-adjusted of between \$5.25 and \$5.75 and automotive adjusted free cash flow of approximately \$6 billion.

Our overall financial targets include expected improvement of forecasted consolidated EBIT-adjusted margins of 9% to 10% by early next decade; expected total annual operational and functional cost savings of \$5.5 billion by 2018 that will more than offset our incremental investments in brand building, engineering and technology as we launch new products in 2016 and beyond; expected average adjusted automotive free cash flow of approximately \$6 billion to \$7 billion from 2016 to 2018; expected consolidated ROIC of 20% plus; and execution of our capital allocation strategy as described below.

Automotive Summary and Outlook

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

GM North America (GMNA)

Automotive industry volume continued to grow in North America primarily driven by the U.S. market. In 2015 U.S. industry light vehicle sales were 17.5 million units, up 1.0 million units from 2014. Based on our current cost structure and variable profit margins, we estimate GMNA's breakeven point at the U.S. industry level to be in the range of 10.0 — 11.0 million units.

In the year ended December 31, 2015 our U.S. vehicle sales totaled 3.1 million units for a U.S. market share of 17.3%, representing a decrease of 0.1 percentage points compared to 2014. The decrease in our U.S. market share was primarily driven by lower fleet market share, partially offset by higher retail market share. U.S. retail market share, which is generally more profitable than U.S. fleet market share, increased by 0.4 percentage points, primarily driven by Chevrolet and GMC.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

We achieved EBIT-adjusted margins of 10.3% during 2015. EBIT-adjusted margin improvements were impacted by favorable volumes and mix and favorable cost performance including materials, logistics and recall-related charges. Refer to the “GM North America” section of the MD&A for additional information on recall activity. We expect to sustain an EBIT-adjusted margin of 10% in 2016 due to a consistent to slight increase in U.S. industry light vehicle sales, key product launches, continued cost performance and growth of adjacent businesses.

In November 2015 we entered into a collectively bargained labor agreement with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The agreement, which has a term of four years, covers the wages, hours, benefits and other terms and conditions of employment for our UAW represented employees. The key terms and provisions of the agreement are:

- Lump sum payments to eligible U.S. hourly employees with seniority of \$8,000 and eligible temporary employees of \$2,000 were paid in December 2015 totaling \$0.4 billion.
- Two lump sum payments equivalent to 4% of qualified earnings will be paid to eligible traditional and in-progression employees in September 2016 and 2018 totaling \$0.2 billion. Additional lump sum payments of \$1,000 will be paid annually to eligible employees with seniority in June 2016 through June 2019 totaling \$0.2 billion. All of these lump sum payments are being amortized over the term of the agreement.
- An annual payment of \$500 will be paid each December through 2018 to eligible U.S. hourly employees with seniority upon attainment of specific U.S. vehicle quality targets.
- A \$500 payment was made to each retiree in December 2015 totaling \$0.1 billion.
- An increase in base wages was made for all eligible employees with seniority as well as temporary employees hired prior to the expiration of the 2011 agreement.
- Amended the Supplemental Unemployment Benefits Program, resulting in a \$0.3 billion favorable adjustment in the three months ended December 31, 2015. Refer to Note 17 to our consolidated financial statements for additional details.
- Cash severance incentive programs to qualified U.S. hourly production employees of approximately \$0.3 billion based on employee interest, eligibility and management approval. The restructuring charges will be recorded in 2016 upon acceptance.

GM Europe (GME)

Automotive industry sales to retail and fleet customers began to improve in late 2013. As a result of moderate economic growth across Europe (excluding Russia) this trend continued in the year ended December 31, 2015 with industry sales to retail and fleet customers of 17.7 million vehicles representing a 9.3% increase compared to 2014. In Russia industry sales to retail and fleet customers decreased 36.1% to 1.6 million vehicles compared to the corresponding period in 2014.

Our European operations are benefiting from this trend and, despite seasonally weak vehicle sales in the second half of 2015 compared to the first half of 2015, continue to show signs of improvement underscored by further improvement in our Opel and Vauxhall market share in the year ended December 31, 2015, which builds on our market share increases in 2013 and 2014.

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

Economic and market conditions in Russia remain and are expected to continue to be very challenging for the foreseeable future. In addition we do not have appropriate localization levels for key vehicles built in Russia and we would need to make significant future capital investments in order to improve our localization levels so that our products are competitive in the Russian market. As a result of these conditions we determined that our Russia business model was not sustainable over the long term. In 2015 we ceased

GENERAL MOTORS COMPANY AND SUBSIDIARIES

manufacturing, eliminated Opel brand distribution and minimized Chevrolet brand distribution in Russia. Refer to Note 17 to our consolidated financial statements for additional information related to the impact of the change in our business model in Russia.

In addition to the impact of the restructuring of our Russia business model, we anticipate headwinds from aggressive industry pricing along with increased costs associated with depreciation, amortization, marketing, adverse foreign currency impact and increased costs associated with our new product launches. We anticipate these headwinds will be offset by continued industry recovery, the full benefits of our recent launches of the Astra and Corsa and material cost optimization. As a result we intend to break even in GME in 2016.

The German Ministry of Transportation is requesting the participation of a number of automotive manufacturers, including our German subsidiary, in discussions on emission controls issues and has requested a written response from our subsidiary on the subject. This request may lead to increased testing and re-testing of our vehicles and analysis of their emissions control systems, which could lead to increased costs, penalties, negative publicity or reputational impact, and additional vehicles may be subject to recall activity if regulators determine that emission levels and required regulatory compliance should be based on either a wider spectrum of driving conditions for future testing parameters or stricter or novel interpretations and consequent enforcement of existing requirements. No assurance can be given that the ultimate outcome of any potential investigations or increased testing resulting from this scrutiny would not materially and adversely affect us.

GM International Operations (GMIO)

In the year ended December 31, 2015 GMIO operated in a volatile and challenging economic environment.

In China we are experiencing a moderation of industry growth and pricing pressures higher than we initially anticipated due primarily to macroeconomic volatility, softening consumer demand particularly in the commercial vehicle segment, increasing competition and a complex regulatory environment. This has resulted in 4.2% growth in industry sales to 25.1 million units in 2015. Despite these pressures, we achieved record wholesale volumes of 3.7 million units with market share of 14.9% in the year ended December 31, 2015, up 0.2 percentage points compared to 2014. The increase in our market share was primarily driven by our successful launches in our key growth segments of sport utility vehicles (SUVs), multipurpose vehicles and luxury vehicles including the Buick Envision and Baojun 560 and 730. Baojun 560 became the second best-selling SUV in China two months after its launch and the Baojun 730 has been the market leader in its segment since launching in August 2014. We opened two new facilities in 2015 and will be adding a third Jinqiao Shanghai plant in 2016 consistent with our localization strategy.

In the year ended December 31, 2015 our Automotive China Joint Ventures (Automotive China JVs) generated equity income of \$2.1 billion and sustained strong margins, despite higher than anticipated pricing pressures with carryover price reductions of approximately 5% for SAIC General Motors Corp., Ltd. (SGM) and moderation of industry growth. This was largely attributed to proactive management of challenges by optimizing vehicle mix and inventory levels and aggressively reducing costs. In 2016 we expect continuation of moderate industry growth, macroeconomic volatility and carryover pricing pressures in the range of 3% to 5%. Despite the challenging macroeconomic environment, we continue to expect an increase in vehicle sales driven by new launches and expect to sustain strong China equity income and margins by focusing on vehicle mix improvement and cost efficiency.

Lack of political stability, decreasing prices of natural resources and foreign exchange volatility, among other factors, negatively impacted the overall automotive industry in the rest of Asia Pacific, Africa and the Middle East and led to a decrease of 0.2 million units, or 1.0%, in the year ended December 31, 2015 compared to 2014. This continued the recent trend of a relatively flat industry of approximately 19 million units sold in each of the last several years. In the year ended December 31, 2015 our sales volume decreased by 5.2% compared to 2014, leading to a decline in market share of 0.2 percentage points to 4.2%.

In 2016 we expect the macroeconomic environment to remain challenging. We continue to refresh our product portfolio and are addressing many of the challenges in these markets while continuing to strategically assess the manner in which we operate in certain countries. To address the significant industry, market share, pricing and foreign exchange pressures in the region, we continue to focus on product portfolio enhancements, manufacturing footprint rationalization, increased local sourcing of parts, cost structure

GENERAL MOTORS COMPANY AND SUBSIDIARIES

reductions, as well as brand and dealer network improvements which we expect to favorably impact the region over the medium term. The impact of these strategic actions combined with the significant reduction in wholesale volumes, forward pricing pressures and foreign exchange volatility in the region may result in deteriorating cash flows in certain markets.

In 2013 we announced the withdrawal of the Chevrolet brand from Western and Central Europe and the ceasing of manufacturing and significant reduction of engineering operations in Australia by 2017 and incurred related impairment and other charges in the years ended December 31, 2013, 2014 and 2015. We continue to work on a Southeast Asia transformation plan including the transition of our Indonesian operations to a national sales company and ceased vehicle production in Indonesia in the three months ended June 30, 2015. We are restructuring our Thailand operations to focus on our competitive strengths in trucks and SUVs given continued challenges in Thailand and several export markets. As a result of these strategic actions related to Thailand, we recorded impairment charges of \$0.3 billion in Automotive cost of sales in the three months ended June 30, 2015, which were treated as an adjustment for EBIT-adjusted reporting purposes.

We continue to execute our plans and within the financial impact that we projected. As we continue to assess our performance throughout the region, additional restructuring and rationalization actions may be required and may have a material impact on our results of operations.

GM South America (GMSA)

Economic conditions in South America were negatively impacted by falling commodity prices and political uncertainty during 2015. As a result Brazil, our largest market in South America, contracted during 2015 and continues to be negatively impacted by foreign currency deflation, high interest rates and increasing levels of unemployment. Automotive industry sales in Brazil decreased by 0.9 million vehicles, or 26.6%, in the year ended December 31, 2015 compared to the corresponding period in 2014.

In the year ended December 31, 2015 we recorded currency devaluation charges of \$0.6 billion and asset impairment charges of \$0.1 billion in Venezuela, which is experiencing a severe economic recession. The devaluation and asset impairment charges were recorded in Automotive cost of sales and were treated as adjustments for EBIT-adjusted reporting purposes. We continue to monitor developments in Venezuela to assess whether market restrictions and exchange rate controls when considered with the economic and political environment in Venezuela evolve such that we no longer maintain a controlling financial interest.

In the year ended December 31, 2015 we recorded a net gain on extinguishment of debt of \$0.4 billion related to prepayment of unsecured debt in Brazil, which is not a component of EBIT-adjusted.

We continue to monitor economic conditions in South America and believe that adverse economic conditions and their effects on the automotive industry will continue in the near term. While we continue to take actions to address these challenges, no assurance can be provided that such efforts will prevent material future losses, asset impairments or other charges.

Corporate

In March 2015 management announced its plan to return all available free cash flow to stockholders while maintaining an investment-grade balance sheet. Management's capital allocation framework includes a combined cash and marketable securities balance target of \$20 billion and plans to reinvest in the business at an average target ROIC rate of 20% or more. In connection with this plan we announced that our Board of Directors had authorized a program to purchase up to \$5 billion of our common stock before the end of 2016. In January 2016 we announced that our Board of Directors had authorized the purchase of up to an additional \$4 billion of our common stock (or an aggregate total of \$9 billion) before the end of 2017. At February 1, 2016 we had purchased 102 million shares of our outstanding common stock for \$3.5 billion. Also, in January 2016 we announced an increase of our quarterly common stock dividend to \$0.38 per share effective in the first quarter of 2016.

In 2014 we created a compensation program to compensate accident victims as a result of the vehicles recalled under the Ignition Switch Recall. In the year ended December 31, 2015 we increased our independently administered accrual for the Ignition Switch

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Recall compensation program by \$195 million based on the program's claims experience. The increase to the accrual was recorded in Automotive selling, general and administrative expense and was treated as an adjustment for EBIT-adjusted reporting purposes. Total charges recorded since inception of the compensation program were \$595 million at December 31, 2015. The Ignition Switch Recall has led to various inquiries, investigations, subpoenas, requests for information and complaints from the U.S. Attorney's Office for the Southern District of New York, Congress, the Securities and Exchange Commission (SEC), Transport Canada and 50 state attorneys general. In addition these and other recalls have resulted in a number of claims and lawsuits. We recorded charges of approximately \$1.6 billion in Automotive selling, general and administrative expense as a result of the Deferred Prosecution Agreement (the DPA) financial penalty and the settlements of the Shareholder Class Action, the multidistrict litigation and other litigation associated with the recalls. These charges were treated as adjustments for EBIT-adjusted reporting purposes in the year ended December 31, 2015. Refer to Note 15 to our consolidated financial statements for additional information. Such lawsuits and investigations could in the future result in the imposition of material damages, fines, civil consent orders, civil and criminal penalties or other remedies. There can be no assurance as to how the resulting consequences, if any, may impact our business, reputation, consolidated financial position, results of operations or cash flows. The total amount accrued at December 31, 2015 represents our best estimate with regard to such claims and lawsuits. However we are currently unable to estimate either a high end of the range for these claims and lawsuits or a range of possible loss for the remaining matters because they involve significant uncertainties. The resolution of these matters could have a material adverse effect on our financial position, results of operations or cash flows.

In the three months ended December 31, 2015 we concluded it was more likely than not that our future earnings in certain jurisdictions in GME will be sufficient to realize the deferred tax assets in these jurisdictions so that a full valuation allowance is no longer needed. Accordingly we reversed GME valuation allowances of \$3.9 billion and recorded an income tax benefit. As a result we have a negative effective income tax rate for the year ended December 31, 2015. Refer to Note 16 to our consolidated financial statements for additional information on the reversal of deferred tax asset valuation allowances.

Based on defect information reports filed with National Highway Traffic Safety Administration by Takata, we are currently conducting recalls for certain Takata air bag inflators used in some of our prior model year vehicles. We are continuing to assess the situation. Further recalls, if any, that may be required to remediate Takata air bag inflators in our vehicles could have a material impact on our financial position, results of operations or cash flows.

Automotive Financing — GM Financial Summary and Outlook

GM Financial is expanding its leasing, near prime and prime lending programs in North America and anticipates that leasing and prime lending will become an increasing percentage of the originations and retail portfolio balance over time. In the year ended December 31, 2015 GM Financial's revenue consisted of 46% retail finance charge income, 6% commercial finance charge income and 43% leased vehicle income. We believe that offering a comprehensive suite of financing products will generate incremental sales of our vehicles, drive incremental GM Financial earnings and help support our sales throughout various economic cycles. In the year ended December 31, 2015 GM Financial's retail penetration in North America grew to approximately 30%, up from approximately 10% in 2014.

On January 2, 2015 GM Financial completed its acquisition of an equity interest in SAIC-GMAC Automotive Finance Company Limited (SAIC-GMAC) in China for \$0.9 billion. As a result GM indirectly owns 45% of SAIC-GMAC.

In February 2015 GM Financial became our exclusive U.S. lease provider for Buick-GMC dealers. Our exclusive leasing arrangements with GM Financial extended to Cadillac dealers in March 2015 and to Chevrolet dealers in April 2015. As a result GM Financial now provides substantially all of the financing on vehicles leased by our customers. In the three months ended September 30, 2015 GM Financial began accepting deposits from retail banking customers in Germany.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidated Results

We review changes in our results of operations under four categories: volume, mix, price and other. Volume measures the impact of changes in wholesale vehicle volumes driven by industry volume, market share and changes in dealer stock levels. Mix measures the impact of changes to the regional portfolio due to product, model, trim, country and option penetration in current year wholesale vehicle volumes. Price measures the impact of changes related to Manufacturer's Suggested Retail Price and various sales allowances. Other includes primarily: (1) material and freight; (2) costs including manufacturing, engineering, advertising, administrative and selling and policy and warranty expense; (3) foreign exchange; and (4) non-vehicle related automotive revenues and costs as well as equity income or loss from our nonconsolidated affiliates.

Total Net Sales and Revenue

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2015	2014			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
GMNA	\$106,622	\$101,199	\$ 5,423	5.4%	\$ 6.8	\$ 1.0	\$ (1.1)	\$ (1.2)
GME	18,704	22,235	(3,531)	(15.9)%	\$ (0.7)	\$ (0.1)	\$ 0.6	\$ (3.3)
GMIO	12,626	14,392	(1,766)	(12.3)%	\$ (1.2)	\$ 0.7	\$ 0.1	\$ (1.4)
GMSA	7,820	13,115	(5,295)	(40.4)%	\$ (3.9)	\$ 0.6	\$ 0.9	\$ (2.9)
Corporate and eliminations	150	151	(1)	(0.7)%				\$ —
Automotive	145,922	151,092	(5,170)	(3.4)%	\$ 1.0	\$ 2.1	\$ 0.6	\$ (8.8)
GM Financial	6,434	4,837	1,597	33.0%				\$ 1.6
Total net sales and revenue	<u>\$152,356</u>	<u>\$155,929</u>	<u>\$ (3,573)</u>	<u>(2.3)%</u>	<u>\$ 1.0</u>	<u>\$ 2.1</u>	<u>\$ 0.6</u>	<u>\$ (7.2)</u>

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2014	2013			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
GMNA	\$101,199	\$ 95,099	\$ 6,100	6.4%	\$ 1.3	\$ 1.2	\$ 3.4	\$ 0.3
GME	22,235	21,962	273	1.2%	\$ 0.2	\$ 0.7	\$ —	\$ (0.5)
GMIO	14,392	18,411	(4,019)	(21.8)%	\$ (4.6)	\$ 0.4	\$ 0.7	\$ (0.4)
GMSA	13,115	16,478	(3,363)	(20.4)%	\$ (2.4)	\$ 0.1	\$ 1.1	\$ (2.1)
Corporate and eliminations	151	142	9	6.3%				\$ —
Automotive	151,092	152,092	(1,000)	(0.7)%	\$ (5.6)	\$ 2.3	\$ 5.1	\$ (2.8)
GM Financial	4,837	3,335	1,502	45.0%				\$ 1.5
Total net sales and revenue	<u>\$155,929</u>	<u>\$155,427</u>	<u>\$ 502</u>	<u>0.3%</u>	<u>\$ (5.6)</u>	<u>\$ 2.3</u>	<u>\$ 5.1</u>	<u>\$ (1.3)</u>

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

Automotive Cost of Sales and Inventories

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To		
	2015	2014			Volume	Mix	Other
	(Dollars in millions)				(Dollars in billions)		
GMNA	\$ 89,173	\$ 89,371	\$ 198	0.2%	\$ (4.7)	\$ (0.5)	\$ 5.4
GME	18,062	21,712	3,650	16.8%	\$ 0.6	\$ —	\$ 3.1
GMIO	12,506	14,009	1,503	10.7%	\$ 1.0	\$ (0.6)	\$ 1.1
GMSA	8,416	12,736	4,320	33.9%	\$ 3.2	\$ (0.5)	\$ 1.6
Corporate and eliminations	164	254	90	35.4%			\$ 0.1
Total automotive cost of sales	<u>\$ 128,321</u>	<u>\$ 138,082</u>	<u>\$ 9,761</u>	<u>7.1%</u>	<u>\$ —</u>	<u>\$ (1.5)</u>	<u>\$ 11.3</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To		
	2014	2013			Volume	Mix	Other
	(Dollars in millions)				(Dollars in billions)		
GMNA	\$ 89,371	\$ 81,404	\$ (7,967)	(9.8)%	\$ (0.8)	\$ (0.9)	\$ (6.2)
GME	21,712	20,824	(888)	(4.3)%	\$ (0.1)	\$ (0.5)	\$ (0.3)
GMIO	14,009	17,599	3,590	20.4%	\$ 3.7	\$ (0.5)	\$ 0.4
GMSA	12,736	15,221	2,485	16.3%	\$ 1.9	\$ (0.2)	\$ 0.8
Corporate and eliminations	254	(123)	(377)	n.m.			\$ (0.4)
Total automotive cost of sales	<u>\$ 138,082</u>	<u>\$ 134,925</u>	<u>\$ (3,157)</u>	<u>(2.3)%</u>	<u>\$ 4.7</u>	<u>\$ (2.0)</u>	<u>\$ (5.8)</u>

n.m. = not meaningful

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

The most significant factors which influence a region's profitability are industry volume 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, warranty and recall-related costs. Vehicles with higher selling prices generally have higher variable profit.

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

In the year ended December 31, 2015 favorable Other was due primarily to: (1) favorable net foreign currency effect of \$6.9 billion due primarily to the weakening of the Euro, Brazilian Real, Canadian Dollar (CAD), British Pound and Mexican Peso against the U.S. Dollar, partially offset by further Venezuela Bolivar Fuerte (BsF) devaluation; (2) a decrease in recall campaign and courtesy transportation charges of \$2.8 billion, including the \$0.9 billion catch-up adjustment; (3) decreased material and freight costs of \$2.2 billion; (4) a net decrease in separation charges of \$0.4 billion primarily related to the Bochum plant closing in GME in 2014; (5) favorable intangible asset amortization of \$0.3 billion; and (6) decreased costs of \$0.3 billion related to parts and accessories sales; partially offset by (7) an increase in engineering expense of \$0.4 billion; (8) an increase in warranty and policy costs of \$0.3 billion; and (9) costs related to the change in our business model in Russia of \$0.2 billion.

In the year ended December 31, 2014 unfavorable Other was due primarily to: (1) increased recall campaign and courtesy transportation charges of \$3.5 billion, including the \$0.9 billion catch-up adjustment; (2) increased material and freight cost including new launches of \$2.7 billion; (3) unfavorable effect resulting from the reversal of the Korea wage litigation accrual in 2013 in GMIO of \$0.7 billion; (4) restructuring charges related to the Bochum plant closing in GME of \$0.5 billion; (5) increased depreciation on equipment on operating lease related to daily rental vehicles of \$0.3 billion; and (6) charges related to flood damage of \$0.1 billion; partially offset by (7) favorable net foreign currency effect of \$1.0 billion due primarily to the weakening of the Brazilian Real, Russian Ruble, Euro and CAD against the U.S. Dollar, partially offset by the BsF devaluation; and (8) favorable intangible asset amortization of \$0.6 billion.

	Inventories			Days on Hand		
	December 31, 2015	December 31, 2014	Increase/ (Decrease)	December 31, 2015	December 31, 2014	Increase/ (Decrease)
	(Dollars in millions)					
GMNA	\$ 7,589	\$ 6,912	\$ 677	31	28	3
GME	2,879	3,172	(293)	57	53	4
GMIO	2,067	2,242	(175)	60	58	2
GMSA	1,229	1,316	(87)	53	37	16
Total	<u>\$ 13,764</u>	<u>\$ 13,642</u>	<u>\$ 122</u>	<u>39</u>	<u>36</u>	<u>3</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Days on hand is calculated as Inventories divided by Automotive cost of sales for the years ended December 31, 2015 and 2014 multiplied by 360.

Automotive Selling, General and Administrative Expense (Dollars in Millions)

	Years Ended December 31,			Year Ended 2015 vs. 2014 Change		Year Ended 2014 vs. 2013 Change	
	2015	2014	2013	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
Automotive selling, general and administrative expense	\$ 13,405	\$ 12,158	\$ 12,382	\$ (1,247)	(10.3)%	\$ 224	1.8%

In the year ended December 31, 2015 Automotive selling, general and administrative expense increased due primarily to: (1) charges for various settlements and legal matters related to the Ignition Switch Recall of \$1.6 billion; (2) increased advertising expense of \$0.2 billion; (3) an increase in employee related costs of \$0.1 billion; and (4) costs related to the change in our business model in Russia of \$0.1 billion; partially offset by (5) favorable net foreign currency effect of \$0.7 billion due primarily to the weakening of the Euro and Brazilian Real against the U.S. Dollar; and (6) decreased expense related to the Ignition Switch Recall compensation program of \$0.2 billion.

In the year ended December 31, 2014 Automotive selling, general and administrative expense decreased due primarily to: (1) decreased expenses of \$0.7 billion related to the withdrawal of the Chevrolet brand from Europe, including dealer restructuring costs and intangible asset impairment charges in 2013, coupled with cost reductions in 2014; and (2) favorable advertising expense in GMNA due primarily to reduced media spend of \$0.2 billion; partially offset by (3) expense related to the Ignition Switch Recall compensation program of \$0.4 billion; and (4) legal and other costs related to the Ignition Switch Recall of \$0.4 billion.

Income Tax Expense (Benefit) (Dollars in Millions)

	Years Ended December 31,			Year Ended 2015 vs. 2014 Change		Year Ended 2014 vs. 2013 Change	
	2015	2014	2013	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
Income tax expense (benefit)	\$(1,897)	\$ 228	\$ 2,127	\$ 2,125	n.m.	\$ 1,899	89.3%

n.m. = not meaningful

In the year ended December 31, 2015 Income tax expense decreased due primarily to: (1) the income tax benefit from the release of GME's valuation allowances of \$3.9 billion; partially offset by (2) an increase in income tax expense of \$1.8 billion due primarily to an increase in pre-tax income.

In the year ended December 31, 2014 Income tax expense decreased due primarily to: (1) a decrease in pre-tax income; (2) a reduction in pre-tax losses in jurisdictions with full valuation allowances; and (3) other tax expense favorable items.

Refer to Note 16 to our consolidated financial statements for additional information related to our income tax expense (benefit).

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM North America

GMNA Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2015	2014			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 106,622	\$ 101,199	\$ 5,423	5.4%	\$ 6.8	\$ 1.0	\$ (1.1)	\$ (1.2)
EBIT-adjusted	\$ 11,026	\$ 6,603	\$ 4,423	67.0%	\$ 2.1	\$ 0.5	\$ (1.1)	\$ 3.0
	(Vehicles in thousands)							
Wholesale vehicle sales	3,558	3,320	238	7.2%				

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2014	2013			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 101,199	\$ 95,099	\$ 6,100	6.4%	\$ 1.3	\$ 1.2	\$ 3.4	\$ 0.3
EBIT-adjusted	\$ 6,603	\$ 7,461	\$ (858)	(11.5)%	\$ 0.4	\$ 0.3	\$ 3.4	\$ (5.0)
	(Vehicles in thousands)							
Wholesale vehicle sales	3,320	3,276	44	1.3%				

GMNA Total Net Sales and Revenue

In the year ended December 31, 2015 Total net sales and revenue increased due primarily to: (1) increased net wholesale volumes associated with full-size SUVs, mid-size pick-ups and the Chevrolet Trax, Impala and Cruze, partially offset by decreases in the Chevrolet Malibu; and (2) favorable mix due to full-size SUVs and full-size pick-ups partially offset by an increase in rental cars sold at auction and the Chevrolet Trax; partially offset by (3) unfavorable pricing primarily related to carryovers including passenger cars and compact SUVs; and (4) unfavorable Other of \$1.2 billion due primarily to unfavorable foreign currency effect related to the weakening of the CAD and the Mexican Peso against the U.S. dollar of \$1.7 billion partially offset by increased revenue related to OnStar of \$0.2 billion.

In the year ended December 31, 2014 Total net sales and revenue increased due primarily to: (1) favorable pricing related to full-size pick-ups and full-size SUVs; (2) increased net wholesale volumes due to full-size pick-ups, full-size SUVs, and the Chevrolet Colorado, Corvette and Malibu, partially offset by decreases of the Chevrolet Impala, Captiva and Cruze; (3) favorable mix due to full-size pick-ups, full-size SUVs and the Chevrolet Corvette and Impala; and (4) favorable Other of \$0.3 billion due primarily to increased operating lease revenue related to daily rental vehicles sold with guaranteed repurchase obligations and increased parts and accessories sales, partially offset by unfavorable foreign currency effect related primarily to the weakening of the CAD and Mexican Peso against the U.S. Dollar.

GMNA EBIT-Adjusted

The most significant factors which influence a region's profitability are industry volume 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, warranty and recall-related costs. Vehicles with higher selling prices generally have higher variable profit. Trucks, crossovers and cars sold currently have a variable profit of approximately 170%, 80% and 30% of our portfolio on a weighted-average basis.

In the year ended December 31, 2015 EBIT-adjusted increased due primarily to: (1) increased net wholesale volumes; (2) favorable mix; and (3) favorable Other of \$3.0 billion including decreased material and freight costs of \$2.2 billion and a decrease in recall-

GENERAL MOTORS COMPANY AND SUBSIDIARIES

related charges of \$1.9 billion, partially offset by policy and warranty of \$0.3 billion, engineering of \$0.3 billion, General Motors of Canada Company (GM Canada) pension curtailment and restructuring charges of \$0.2 billion and advertising of \$0.2 billion; partially offset by (4) unfavorable pricing.

In the year ended December 31, 2014 EBIT-adjusted decreased due primarily to: (1) unfavorable Other of \$5.0 billion due primarily to an increase in recall campaign actions and recall-related charges of \$2.3 billion, increased material and freight costs including new launches of \$2.8 billion and increased engineering expense of \$0.5 billion, partially offset by increased daily rental vehicles sold with guaranteed repurchase obligations and reduced advertising expenses; partially offset by (2) favorable pricing; (3) increased net wholesale volumes; and (4) favorable mix.

Recall Campaigns

In connection with ongoing comprehensive safety reviews, engineering analysis and our overall commitment to customer satisfaction we have incurred incremental charges for the estimated costs of parts and labor to repair vehicles and provide courtesy transportation for customers with vehicles subject to recalls.

The following table summarizes the impact of recall-related activities including customer satisfaction campaigns, safety recalls, non-compliance recalls, special coverage, and courtesy transportation (dollars in millions):

	2015	2014
Balance at January 1	\$ 2,729	\$ 761
Additions	781	2,717
Payments	(1,319)	(1,618)
Adjustments to pre-existing warranties	301	869
Balance at December 31	<u>\$ 2,492</u>	<u>\$ 2,729</u>

We recorded recall-related charges of \$1.1 billion in the year ended December 31, 2015 including adjustments to prior periods of \$0.3 billion. Adjustments to prior periods relate to changes in estimated costs based on new information including claims emergence and development patterns. There were approximately 12 million vehicles subject to recalls announced in the year ended December 31, 2015.

In the year ended December 31, 2014 we experienced a significant increase in the number of vehicles subject to recall in North America. In the year ended December 31, 2014 we recorded recall-related charges of \$3.6 billion including adjustments to prior periods of \$0.9 billion. Adjustments to prior periods in the three months ended June 30, 2014 included a change in estimate for previously sold vehicles of \$0.9 billion partially offset by adjustments of \$0.2 billion for courtesy transportation and repair costs. There were approximately 36 million vehicles subject to recalls announced in the year ended December 31, 2014 including approximately 10 million vehicles subject to multiple recalls.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the estimated costs and number of vehicles subject to recalls announced in the year ended December 31, 2014 (vehicles in millions and dollars in billions):

Repair Issue	Vehicle Makes (Model Years)	Vehicles	Estimated Cost
Ignition switch	Certain Chevrolet, Pontiac & Saturn (2003-2011)	2.6	\$ 0.1
Ignition lock cylinders	Certain Chevrolet, Pontiac & Saturn (2003-2011)	(a)	0.3
Electronic power steering	Certain Chevrolet, Pontiac & Saturn (2003-2010)	1.9	0.3
Side mounted airbag connector	Certain Chevrolet, Buick, GMC & Saturn (2008-2013)	1.3	0.2
Brake lamp wiring harness	Certain Chevrolet, Pontiac & Saturn (2004-2012)	2.7	0.1
Front safety lap belt cables	Certain Chevrolet, Buick, GMC & Saturn (2009-2014)	1.5	0.1
Shift cable	Certain Chevrolet, Cadillac, Pontiac & Saturn (2004-2014)	1.4	0.2
Ignition keys	Certain Chevrolet, Buick, Cadillac, Oldsmobile & Pontiac (1997-2014)	12.1	0.3
Courtesy transportation and various recalls(b) . .	Various	12.9	0.8
		<u>36.4</u>	<u>\$ 2.4</u>

(a) Vehicles affected by this Repair issue are included in the 2.6 million vehicles subject to the ignition switch repair.

(b) Charges recorded for 7.7 million vehicles subject to recalls in the six months ended December 31, 2014 were comprehended in the June 30, 2014 catch-up adjustment of \$0.9 billion associated with a change in estimate for previously sold vehicles.

We notified customers affected by the Ignition Switch Recalls announced in the three months ended March 31, 2014 to schedule an appointment with their dealers as replacement parts are available. We began repairing vehicles in early April 2014 using parts that have undergone end-of-line quality inspection for performance of six critical operating parameters. We have produced sufficient parts to have the ability to repair all vehicles impacted by the ignition switch and ignition lock cylinder recalls. Through December 31, 2015 we had repaired approximately 70% of the 2.6 million vehicles initially subject to those ignition switch and ignition lock cylinder recalls and continue to actively engage customers and service vehicles affected.

GM Europe

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

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2015	2014			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 18,704	\$ 22,235	\$ (3,531)	(15.9)%	\$ (0.7)	\$ (0.1)	\$ 0.6	\$ (3.3)
EBIT (loss)-adjusted	\$ (813)	\$ (1,369)	\$ 556	40.6%	\$ (0.2)	\$ (0.1)	\$ 0.8	\$ 0.1
	(Vehicles in thousands)							
Wholesale vehicle sales	1,127	1,172	(45)	(3.8)%				
	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2014	2013			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 22,235	\$ 21,962	\$ 273	1.2%	\$ 0.2	\$ 0.7	\$ —	\$ (0.5)
EBIT (loss)-adjusted	\$ (1,369)	\$ (869)	\$ (500)	(57.5)%	\$ —	\$ 0.2	\$ —	\$ (0.7)
	(Vehicles in thousands)							
Wholesale vehicle sales	1,172	1,163	9	0.8%				

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GME Total Net Sales and Revenue

In the year ended December 31, 2015 Total net sales and revenue decreased due primarily to: (1) decreased net wholesale volumes associated with decreases across the Russian portfolio and lower demand for the Zafira multipurpose vehicle across the region, partially offset by higher demand primarily for the Vivaro commercial van, the Mokka crossover and the Astra and the recently launched KARL passenger vehicles across the region; and (2) unfavorable Other of \$3.3 billion due primarily to unfavorable foreign currency effect due to the weakening of the Euro, British Pound and Russian Ruble against the U.S. Dollar; partially offset by (3) favorable pricing primarily related to the next generation Corsa passenger vehicle and Vivaro and the recently launched next generation Astra.

In the year ended December 31, 2014 Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due to increased sales of higher priced vehicles; and (2) increased net wholesale volumes associated with higher demand primarily for the Mokka across the region and the Corsa and Insignia passenger vehicle in Germany, Spain, United Kingdom, Italy and Poland, partially offset by decreases across the Russian portfolio and lower demand for the Astra primarily in Germany, United Kingdom and Turkey; partially offset by (3) unfavorable Other of \$0.5 billion due primarily to net foreign currency effect related to the weakening of the Russian Ruble against the U.S. Dollar, partially offset by the strengthening of the British Pound against the U.S. Dollar.

GME EBIT (Loss)-Adjusted

In the year ended December 31, 2015 EBIT (loss)-adjusted decreased due primarily to: (1) favorable pricing; and (2) favorable Other of \$0.1 billion due primarily to a net decrease in restructuring related charges of \$0.7 billion, partially offset by unfavorable material costs of \$0.2 billion primarily related to the next generation Corsa and Vivaro and unfavorable foreign currency effect of \$0.2 billion; partially offset by (3) decreased net wholesale volumes.

In the year ended December 31, 2014 EBIT (loss)-adjusted increased due primarily to: (1) unfavorable Other of \$0.7 billion due primarily to restructuring related charges of \$0.5 billion, unfavorable net foreign currency effect of \$0.3 billion due primarily to the weakening of the Russian Ruble against the U.S. Dollar, partially offset by the strengthening of the British Pound against the U.S. Dollar, and unfavorable net effect of changes in the fair value of an embedded foreign currency derivative asset of \$0.1 billion associated with a long-term supply agreement, partially offset by decreased material and freight costs of \$0.2 billion; partially offset by (2) favorable net vehicle mix.

GM International Operations

Focus on Chinese Market

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

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

	Years Ended December 31,		
	2015	2014	2013
Total wholesale vehicles including vehicles exported to markets outside of China . . .	3,794	3,613	3,239
Total net sales and revenue \$	44,959	\$ 43,853	\$ 38,767
Net income \$	4,290	\$ 4,312	\$ 3,685

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	December 31, 2015	December 31, 2014
Cash and cash equivalents	\$ 5,939	\$ 6,176
Debt	\$ 184	\$ 151

GMIO Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2015	2014			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 12,626	\$ 14,392	\$ (1,766)	(12.3)%	\$ (1.2)	\$ 0.7	\$ 0.1	\$ (1.4)
EBIT-adjusted	\$ 1,397	\$ 1,222	\$ 175	14.3%	\$ (0.2)	\$ 0.1	\$ 0.2	\$ 0.1
	(Vehicles in thousands)							
Wholesale vehicle sales	588	655	(67)	(10.2)%				

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2014	2013			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 14,392	\$ 18,411	\$ (4,019)	(21.8)%	\$ (4.6)	\$ 0.4	\$ 0.7	\$ (0.4)
EBIT-adjusted	\$ 1,222	\$ 1,255	\$ (33)	(2.6)%	\$ (0.9)	\$ (0.1)	\$ 0.4	\$ 0.6
	(Vehicles in thousands)							
Wholesale vehicle sales	655	921	(266)	(28.9)%				

GMIO Total Net Sales and Revenue

The vehicle sales of our Automotive China JVs are not recorded in Total net sales and revenue. The results of our joint ventures are recorded in Equity income, which is included in EBIT-adjusted above.

In the year ended December 31, 2015 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes associated with the withdrawal of the Chevrolet brand from Europe, decreased sales in Korea, India, Southeast Asia and South Africa, partially offset by increased wholesale volumes of new full-size trucks and SUVs in the Middle East; and (2) unfavorable Other of \$1.4 billion due primarily to unfavorable foreign currency effect of \$1.0 billion resulting from the weakening of the Australian Dollar, South Korean Won and South African Rand against the U.S. Dollar and decreased sales of components, parts and accessories of \$0.4 billion; partially offset by (3) favorable mix and pricing primarily due to increased sales of full-size trucks and SUVs in the Middle East.

In the year ended December 31, 2014 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes related to the withdrawal of the Chevrolet brand from Europe, decreased sales of carryover trucks and SUVs ahead of the new full-size truck introduction in the Middle East and decreased sales of Chevrolet vehicles in Thailand; and (2) unfavorable Other of \$0.4 billion due primarily to unfavorable foreign currency effect of \$0.3 billion driven by the weakening of the Australian Dollar, South African Rand, Thai Baht and Indian Rupee against the U.S. Dollar and decreased sales of components, parts and accessories of \$0.1 billion; partially offset by (3) favorable vehicle pricing due primarily to sales of new full-size trucks in the Middle East and lower sales incentives offered on Chevrolet vehicles in Europe; and (4) favorable mix due primarily to an improved sales portfolio of the Malibu and Trax in Korea and the Tahoe and Yukon in the Middle East.

GMIO EBIT-Adjusted

In the year ended December 31, 2015 EBIT-adjusted increased due primarily to: (1) favorable pricing and mix in the Middle East due primarily to sales of new full-size trucks and SUVs; and (2) favorable Other of \$0.1 billion due primarily to favorable material and freight costs of \$0.2 billion, offset by unfavorable foreign currency effect of \$0.2 billion; partially offset by (3) decreased net wholesale volumes.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2014 EBIT-adjusted decreased due primarily to: (1) decreased wholesale volumes; and (2) unfavorable net vehicle mix due primarily to higher cost of the Commodore sedan and Colorado in Australia; partially offset by (3) favorable vehicle pricing; and (4) favorable Other of \$0.6 billion due primarily to favorable engineering cost of \$0.3 billion, favorable equity income from Automotive China JVs of \$0.3 billion and favorable fixed costs of \$0.1 billion related to manufacturing costs and depreciation, amortization and impairment charges.

GM South America

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

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2015	2014			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 7,820	\$ 13,115	\$ (5,295)	(40.4)%	\$ (3.9)	\$ 0.6	\$ 0.9	\$ (2.9)
EBIT (loss)-adjusted	\$ (622)	\$ (180)	\$ (442)	(245.6)%	\$ (0.7)	\$ 0.1	\$ 0.9	\$ (0.8)
	(Vehicles in thousands)							
Wholesale vehicle sales	603	886	(283)	(31.9)%				

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2014	2013			Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	\$ 13,115	\$ 16,478	\$ (3,363)	(20.4)%	\$ (2.4)	\$ 0.1	\$ 1.1	\$ (2.1)
EBIT (loss)-adjusted	\$ (180)	\$ 327	\$ (507)	n.m.	\$ (0.5)	\$ (0.1)	\$ 1.1	\$ (1.0)
	(Vehicles in thousands)							
Wholesale vehicle sales	886	1,053	(167)	(15.9)%				

n.m. = not meaningful

GMSA Total Net Sales and Revenue

In the year ended December 31, 2015 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes associated with lower demand for the Chevrolet Celta, Onix and Prisma small vehicles and Cobalt sedan in Brazil and decreases across the portfolio primarily in Chile and Colombia caused by difficult economic conditions; and (2) unfavorable Other of \$2.9 billion due primarily to unfavorable foreign currency effect due to the weakening of all currencies across the region against the U.S. Dollar; partially offset by (3) favorable pricing due primarily to high inflation in Venezuela and Argentina; and (4) favorable vehicle mix due to decreased sales of lower priced vehicles in Brazil and increased sales of the Chevrolet Silverado and Cruze in Venezuela.

In the year ended December 31, 2014 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes associated with lower demand for the Chevrolet Celta, Classic and Agile small vehicles in Brazil and decreases across the portfolio in Argentina and Venezuela caused by difficult economic conditions; and (2) unfavorable Other of \$2.1 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against all currencies across the region; partially offset by (3) favorable vehicle pricing primarily due to high inflation in Argentina and Venezuela.

GMSA EBIT (Loss)-Adjusted

In the year ended December 31, 2015 EBIT (loss)-adjusted increased due primarily to: (1) decreased wholesale volumes; and (2) unfavorable Other of \$0.8 billion due primarily to net unfavorable foreign currency effect of \$0.6 billion due to the weakening of all currencies across the region against the U.S. Dollar, which includes favorable impact of \$60 million in Argentina; partially offset by (3) favorable pricing; and (4) favorable product mix.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2014 GMSA had EBIT (loss)-adjusted compared to EBIT-adjusted in the year ended December 31, 2013 due primarily to: (1) decreased wholesale volumes; and (2) unfavorable Other of \$1.0 billion due to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against all currencies across the region; partially offset by (3) favorable vehicle pricing.

Venezuelan Operations

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

Effective March 31, 2014 we changed the exchange rate for remeasuring our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities from the Venezuela official exchange rate to the rate determined by an auction process conducted by Venezuela's Complementary System of Foreign Currency Administration (SICAD). The devaluation resulted in a charge of \$0.4 billion recorded in Automotive cost of sales in the three months ended March 31, 2014 which was treated as an adjustment for EBIT-adjusted reporting purposes.

In the three months ended June 30, 2015 we changed the exchange rate for remeasuring these monetary assets and liabilities from the SICAD rate to the Sistema Marginal de Divisas (SIMADI) rate, which was BsF 198 to \$1.00 at June 30, 2015. This devaluation resulted in a charge of \$0.6 billion recorded in Automotive cost of sales in the three months ended June 30, 2015 which was treated as an adjustment for EBIT-adjusted reporting purposes. SIMADI is a third currency exchange mechanism announced by the Venezuelan government in 2015. It is an open system of supply and demand expected to be limited to a small percentage of total U.S. Dollar transactions using official mechanisms. We believe the SIMADI rate is the most representative rate to be used for remeasurement, because it is more reflective of economic reality in Venezuela and future transactions, including dividends, at the SICAD rate appear unlikely.

Due to the adverse movements in the foreign currency exchange rate and the continued weakness in the Venezuelan market we performed recoverability tests of certain assets, including our real and personal property assets, in the three months ended June 30, 2015. As a result we recorded asset impairment charges of \$0.1 billion in Automotive cost of sales, which were treated as an adjustment for EBIT-adjusted reporting purposes.

We continued to consolidate our Venezuelan subsidiaries because of recent favorable election results, settlements of new debt by the Venezuelan government, participation in SIMADI currency exchange and vehicle production in the year ended December 31, 2015. Additionally, we expect to have the ability to continue vehicle production in a limited manner during 2016 and into early 2017. Absent ongoing vehicle production, our Venezuelan subsidiaries may require additional financial support. At this time no decision has been made whether we will provide further financial support if required. Despite the significant challenges in Venezuela, this market continues to be important to us. We will continue to monitor developments in Venezuela to assess whether market restrictions and exchange rate controls evolve such that we no longer maintain a controlling financial interest. If a determination is made in the future that we no longer maintain control we may incur a charge based on exchange rates at December 31, 2015 of approximately \$0.2 billion.

GM Financial

	Years Ended December 31,			2015 vs. 2014 Change		2014 vs. 2013 Change	
	2015	2014	2013	Amount	%	Amount	%
(Dollars in millions)							
Total revenue	\$ 6,454	\$ 4,854	\$ 3,344	\$ 1,600	33.0%	\$ 1,510	45.2%
Provision for loan losses	\$ 624	\$ 604	\$ 475	\$ 20	3.3%	\$ 129	27.2%
Income before income taxes-adjusted	\$ 837	\$ 803	\$ 898	\$ 34	4.2%	\$ (95)	(10.6)%
(Dollars in billions)							
Average debt outstanding	\$ 44.6	\$ 32.2	\$ 21.0	\$ 12.4	38.5%	\$ 11.2	53.3%
Effective rate of interest paid	3.6%	4.4%	3.4%	(0.8)%		1.0%	

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM Financial Revenue

In the year ended December 31, 2015 Total revenue increased due primarily to: (1) increased leased vehicle income of \$1.7 billion due to a larger lease portfolio; partially offset by (2) net decrease in finance charge income and other income of \$0.1 billion which consists of a decrease of \$0.3 billion outside of North America, partially offset by an increase of \$0.2 billion in North America.

In the year ended December 31, 2014 Total revenue increased due primarily to: (1) increased finance charge income of \$0.9 billion due to the acquisition of Ally Financial international operations; and (2) increased leased vehicle income of \$0.5 billion due to a larger lease portfolio.

GM Financial Income Before Income Taxes-Adjusted

In the year ended December 31, 2015 Income before income taxes-adjusted remained flat due primarily to: (1) increased revenue of \$1.6 billion; and (2) increased equity income of \$0.1 billion from SAIC-GMAC; offset by (3) increased leased vehicles expenses of \$1.4 billion due to a larger lease portfolio; (4) net increase in interest expense of \$0.2 billion which consists of an increase of \$0.4 billion in North America due to an increase in average debt outstanding, partially offset by a decrease of \$0.2 billion outside of North America; and (5) net increase in operating expenses of \$0.1 billion which consists of an increase of \$0.2 billion in North America, partially offset by a decrease of \$0.1 billion outside of North America.

In the year ended December 31, 2014 Income before income taxes-adjusted decreased due primarily to: (1) increased interest expenses of \$0.7 billion due to higher average debt outstanding and effective rate of interest paid; (2) increased operating expenses of \$0.4 billion due to the acquisition of Ally Financial international operations; (3) increased leased vehicle expenses of \$0.4 billion due to a larger lease portfolio; and (4) increased provision for loan losses of \$0.1 billion; partially offset by (5) increased revenue of \$1.5 billion.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our revolving credit facilities will be sufficient to meet our liquidity needs. We expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. We also maintain access to the capital markets and may issue debt or equity securities from time to time, which may provide an additional source of liquidity. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are focused on three objectives: (1) reinvest in our business; (2) maintain an investment-grade balance sheet; and (3) return cash to stockholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures of approximately \$9.0 billion as well as payments for engineering and product development activities; (2) payments associated with previously announced vehicle recalls, the settlements of the Shareholder Class Action and the multidistrict litigation and any other recall-related contingencies; (3) payments to service debt and other long-term obligations, including contributions to our pension plans; (4) payments for previously announced restructuring activities; (5) dividend payments on our common stock that are declared by our Board of Directors; and (6) payments to purchase shares of our common stock under programs authorized by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties some of which are outside of our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans and compliance with certain covenants. Refer to Note 12 to our consolidated financial statements for the discussion of our financial and operational covenants.

Recent Management Initiatives

We continue to monitor and evaluate opportunities to strengthen our competitive position over the long term while maintaining an investment-grade balance sheet. These actions may include opportunistic payments to reduce our long-term obligations as well as the

GENERAL MOTORS COMPANY AND SUBSIDIARIES

possibility of acquisitions, dispositions, investments with joint venture partners, and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may negatively impact our liquidity in the short term.

In March 2015 management announced its plan to return all available free cash flow to stockholders while maintaining an investment-grade balance sheet. Management's capital allocation framework includes a combined cash and marketable securities balance target of \$20 billion and plans to reinvest in the business at an average target ROIC rate of 20% or more. In connection with this plan we announced that our Board of Directors had authorized a program to purchase up to \$5 billion of our common stock before the end of 2016. In January 2016 we announced that our Board of Directors had authorized the purchase of up to an additional \$4 billion of our common stock (or an aggregate total of \$9 billion) before the end of 2017. Also, in January 2016 we announced an increase of our quarterly common stock dividend to \$0.38 per share effective in the first quarter of 2016. At February 1, 2016 we had purchased 102 million shares of our outstanding common stock for \$3.5 billion.

By mid-2016 management intends to make discretionary contributions of approximately \$2.0 billion to our U.S. hourly pension plan to improve its funded status. The contributions are expected to be funded by debt.

Automotive

Available Liquidity

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

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Approximately 90% of our available liquidity excluding funds available under credit facilities was held within North America and at our regional treasury centers at December 31, 2015. 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 are primarily denominated in U.S. Dollars and include investments in U.S. government and agency obligations, foreign government securities, time deposits and corporate debt securities. 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. The majority 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 \$12.6 billion at December 31, 2015 and 2014 which consisted principally of our two primary revolving credit facilities. We did not borrow against our primary facilities, but had amounts in use under the letter of credit sub-facility of \$0.4 billion at December 31, 2015. GM Financial had access to our revolving credit facilities, but did not borrow against them and we have no intercompany loans outstanding to GM Financial. Refer to Note 12 to our consolidated financial statements for more information on credit facilities.

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

	December 31, 2015	December 31, 2014
Cash and cash equivalents	\$ 12.1	\$ 16.0
Marketable securities	8.2	9.2
Available liquidity	20.3	25.2
Available under credit facilities	12.2	12.0
Total automotive available liquidity	<u>\$ 32.5</u>	<u>\$ 37.2</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

	Year Ended December 31, 2015
Operating cash flow	\$ 10.0
Capital expenditures	(7.8)
Payments to purchase common stock	(3.5)
Dividends paid	(2.2)
Effect of foreign currency	(1.4)
Increase in available credit facilities	0.2
Total change in automotive available liquidity	<u>\$ (4.7)</u>

Cash Flow

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

	Years Ended December 31,			2015 vs. 2014	2014 vs. 2013
	2015	2014	2013	Change	Change
Operating Activities					
Net income	\$ 8.9	\$ 3.5	\$ 4.7	\$ 5.4	\$ (1.2)
Depreciation, amortization and impairments	5.7	6.3	7.6	(0.6)	(1.3)
Pension & OPEB activities	(1.3)	(0.9)	(0.8)	(0.4)	(0.1)
Working capital	0.2	(1.6)	(0.5)	1.8	(1.1)
Equipment on operating leases	0.2	(1.9)	(1.0)	2.1	(0.9)
Accrued liabilities and other liabilities	(1.0)	6.0	0.7	(7.0)	5.3
Income taxes	(2.7)	(0.9)	1.2	(1.8)	(2.1)
Undistributed earnings of nonconsolidated affiliates and gains on investments	—	(0.3)	(0.1)	0.3	(0.2)
Other	—	(0.1)	(0.8)	0.1	0.7
Cash flows from operating activities	<u>\$ 10.0</u>	<u>\$ 10.1</u>	<u>\$ 11.0</u>	<u>\$ (0.1)</u>	<u>\$ (0.9)</u>

In the year ended December 31, 2015 the change in Working capital was due primarily to increased accounts payable due to increased production volumes. The change in Equipment on operating leases was due primarily to the reduction of units provided to rental car companies. The change in Accrued liabilities and other liabilities was due primarily to recalls and deposits from rental car companies. The change in Income taxes was due primarily to the reversal of valuation allowances, partially offset by deferred tax expense in 2015 compared to deferred tax benefit in 2014.

In the year ended December 31, 2014 the change in Accrued liabilities and other liabilities was due primarily to recalls and deposits from rental car companies. The change in Income taxes was primarily related to deferred tax benefit in 2014 compared to deferred tax expense in 2013.

	Years Ended December 31,			2015 vs. 2014	2014 vs. 2013
	2015	2014	2013	Change	Change
Investing Activities					
Capital expenditures	\$ (7.8)	\$ (7.0)	\$ (7.5)	\$ (0.8)	\$ 0.5
Acquisitions and liquidations of marketable securities, net	0.9	(0.4)	0.1	1.3	(0.5)
Sale of our investment in Ally Financial	—	—	0.9	—	(0.9)
Other	(0.1)	0.2	0.4	(0.3)	(0.2)
Cash flows from investing activities	<u>\$ (7.0)</u>	<u>\$ (7.2)</u>	<u>\$ (6.1)</u>	<u>\$ 0.2</u>	<u>\$ (1.1)</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2015 the change in Acquisitions and liquidations of marketable securities, net was due primarily to the liquidation of our sovereign debt trading securities. In the year ended December 31, 2014 the change in Acquisitions and liquidations of marketable securities, net was due primarily to the rebalancing of our investment portfolio between marketable securities and cash and cash equivalents as part of liquidity management in the normal course of business.

	<u>Years Ended December 31,</u>			<u>2015 vs. 2014</u>	<u>2014 vs. 2013</u>
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>Change</u>
Financing Activities					
Issuance of senior unsecured notes	\$ —	\$ 2.5	\$ 4.5	\$ (2.5)	\$ (2.0)
Prepayment of Canadian Health Care Trust (HCT) notes (principal)	—	—	(1.1)	—	1.1
Early redemption of GM Korea preferred stock	—	—	(0.7)	—	0.7
Redemption and purchase of Series A Preferred Stock	—	(3.9)	(3.2)	3.9	(0.7)
Payments to purchase common stock	(3.5)	(0.2)	—	(3.3)	(0.2)
Dividends paid (excluding charge related to redemption and purchase of Series A Preferred Stock)	(2.2)	(2.4)	(0.9)	0.2	(1.5)
Other	(0.1)	(0.1)	—	—	(0.1)
Cash flows from financing activities	\$ (5.8)	\$ (4.1)	\$ (1.4)	\$ (1.7)	\$ (2.7)

In the year ended December 31, 2015 the change in Cash flows from financing activities was due primarily to the purchase of common stock as part of the common stock repurchase program. In the year ended December 31, 2014 the change in Dividends paid was due primarily to payment for common stock dividends.

Adjusted Free Cash Flow

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

	Years Ended December 31,		
	2015	2014	2013
Net cash provided by operating activities	\$ 10.0	\$ 10.1	\$ 11.0
Less: capital expenditures	(7.8)	(7.0)	(7.5)
Adjustments	—	—	0.2
Adjusted free cash flow	<u>\$ 2.2</u>	<u>\$ 3.1</u>	<u>\$ 3.7</u>

Adjustments to free cash flow included: (1) pension contributions related to the previously announced annuitization of the U.S. salaried pension plan in August 2014 and March 2013 of \$0.1 billion; and (2) accrued interest on the prepayment of the HCT notes of \$0.2 billion in October 2013.

Status of Credit Ratings

We receive ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P). All four credit rating agencies currently rate our corporate credit at investment grade. The following table summarizes our credit ratings at January 27, 2016:

	Corporate	Revolving Credit Facilities	Senior Unsecured	Outlook
DBRS Limited	BBB (low)	BBB (low)	N/A	Positive
Fitch	BBB-	BBB-	BBB-	Stable
Moody's	Investment Grade	Baa3	Ba1	Stable
S&P	BBB-	BBB-	BBB-	Stable

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Rating actions taken by each of the credit rating agencies from January 1, 2015 through January 27, 2016 were as follows:

Fitch: Upgraded our corporate rating, revolving credit facilities rating and senior unsecured rating to an investment grade rating of BBB- from BB+ and revised their outlook to Stable from Positive in June 2015.

DBRS Limited: Revised their outlook to Positive from Stable in October 2015.

Automotive Financing—GM Financial

Liquidity Overview

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

Available Liquidity

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

	December 31, 2015	December 31, 2014
Cash and cash equivalents	\$ 3.1	\$ 3.0
Borrowing capacity on unpledged eligible assets	9.7	4.8
Borrowing capacity on committed unsecured lines of credit	0.9	0.5
Available liquidity	<u>\$ 13.7</u>	<u>\$ 8.3</u>

In the year ended December 31, 2015 available liquidity increased due primarily to: (1) decreased usage of secured debt facilities as a result of the issuance of senior unsecured notes; and (2) decreased usage of committed unsecured lines of credit primarily due to funding provided by retail banking deposits in Germany.

GM Financial has the ability to borrow up to \$2.0 billion against each of our three-year, \$5.0 billion and five-year, \$7.5 billion revolving credit facilities. In September 2014 we and GM Financial entered into a support agreement which, among other things, established commitments of funding from us to GM Financial. This agreement also provides that we will continue to own all of GM Financial's outstanding voting shares so long as any unsecured debt securities remain outstanding at GM Financial. In addition we are required to use our commercially reasonable efforts to ensure GM Financial remains a subsidiary borrower under our corporate revolving credit facilities.

Credit Facilities

In the normal course of business, in addition to using its available cash, GM Financial utilizes borrowings under its credit facilities, which may be secured or unsecured, and GM Financial repays these borrowings as appropriate under its cash management strategy. At December 31, 2015 secured and committed unsecured credit facilities totaled \$22.4 billion and \$1.5 billion, with advances outstanding of \$7.5 billion and \$0.6 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Cash Flow

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

	Years Ended December 31,			2015 vs. 2014 Change	2014 vs. 2013 Change
	2015	2014	2013		
Net cash provided by operating activities	\$ 3.1	\$ 1.9	\$ 1.6	\$ 1.2	\$ 0.3
Net cash used in investing activities	\$ (22.2)	\$ (10.5)	\$ (8.2)	\$ (11.7)	\$ (2.3)
Net cash provided by financing activities	\$ 19.5	\$ 9.8	\$ 5.1	\$ 9.7	\$ 4.7

Operating Activities

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

In the year ended December 31, 2014 Net cash provided by operating activities increased due primarily to larger finance receivable and lease portfolios.

Investing Activities

In the year ended December 31, 2015 Net cash used in investing activities increased due primarily to: (1) an increase in purchases of leased vehicles of \$10.4 billion; (2) an increase in finance receivables purchases and fundings, net of collections, of \$1.0 billion; and (3) net cash used for the acquisition of the equity interest in SAIC-GMAC of \$0.9 billion; partially offset by (4) increased proceeds from the termination of leased vehicles of \$0.6 billion.

In the year ended December 31, 2014 Net cash used in investing activities increased due primarily to: (1) increased loan purchases and funding, net of collections, of \$2.6 billion; and (2) increased purchases of leased vehicles of \$2.5 billion; partially offset by (3) decreased cash used for business acquisitions of \$2.6 billion.

Financing Activities

In the year ended December 31, 2015 Net cash provided by financing activities increased due primarily to a net increase in borrowings.

In the year ended December 31, 2014 Net cash provided by financing activities increased due primarily to: (1) increased borrowings under secured and unsecured debt of \$5.6 billion; and (2) repayment of debt to Ally Financial of \$1.4 billion in 2013, with no related activity in 2014; partially offset by (3) increased debt repayment of \$2.8 billion.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2015 and 2014. Refer to Note 15 of our consolidated financial statements for detailed information related to guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Based on these definitions, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2015 (dollars in millions):

	Payments Due by Period				
	2016	2017-2018	2019-2020	2021 and after	Total
Automotive debt	\$ 582	\$ 1,727	\$ 87	\$ 5,992	\$ 8,388
Automotive Financing debt	18,793	21,969	8,712	5,050	54,524
Capital lease obligations	234	408	86	198	926
Automotive interest payments (a)	448	824	648	4,770	6,690
Automotive Financing interest payments (b)	1,275	1,596	664	483	4,018
Postretirement benefits (c)	234	431	216	—	881
Contractual commitments for capital expenditures	187	—	—	—	187
Operating lease obligations	229	323	222	152	926
Other contractual commitments:					
Material	588	606	109	200	1,503
Marketing	972	428	220	40	1,660
Rental car repurchases	4,958	—	—	—	4,958
Other	656	855	433	722	2,666
Total contractual commitments (d)	<u>\$ 29,156</u>	<u>\$ 29,167</u>	<u>\$ 11,397</u>	<u>\$ 17,607</u>	<u>\$ 87,327</u>
Non-contractual postretirement benefits (e)	\$ 150	\$ 311	\$ 502	\$ 9,955	\$ 10,918

- (a) Amounts include automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2015.
- (b) GM Financial interest payments were determined using the interest rate in effect at December 31, 2015 for floating rate debt and the contractual rates for fixed rate debt. GM Financial interest payments on floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.
- (c) Amounts include other postretirement benefits (OPEB) payments under the current U.S. contractual labor agreements through 2019 and Canada labor agreements through 2016. These agreements are generally renegotiated in the year of expiration. Amounts do not include pension funding obligations, which are discussed in Note 13 to our consolidated financial statements.
- (d) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2015.
- (e) Amounts include all expected future payments for both current and expected future service at December 31, 2015 for OPEB obligations for salaried employees and hourly OPEB obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed in Note 13 to our consolidated financial statements.

The table above does not reflect product warranty and related liabilities of \$9.3 billion and unrecognized tax benefits of \$1.4 billion due to the uncertainty regarding the future cash outflows associated with these amounts.

Critical Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements. These estimates require the use of judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the periods presented. We believe the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in developing estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. Refer to Note 2 to our consolidated financial statements for our significant accounting policies related to our critical accounting estimates.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Pension and OPEB Plans

Our defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected long-term rate of return on plan assets, a discount rate, mortality rates of participants and expectation of mortality improvement. The expected long-term rate of return on U.S. plan assets that is utilized in determining pension expense is derived from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return.

In December 2015 an investment policy study was completed for the U.S. pension plans. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets decreased from 6.4% at December 31, 2014 to 6.3% at December 31, 2015. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

Another key assumption in determining net pension and OPEB expense is the assumed discount rate used to discount plan obligations. We estimate the assumed discount rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows. Effective 2016 we will apply the individual annual yield curve rates instead of the assumed discount rate to determine the service cost and interest cost. This refinement more specifically links the cash flows related to service cost and interest cost to bonds maturing in their year of payment. The refinement had no effect on service cost or interest cost in the year ended December 31, 2015 but will reduce the service cost and interest cost in 2016 by approximately \$0.8 billion. There will be no effect on the determination of the plan obligations which will continue to be calculated using the assumed discount rate.

We have reviewed the mortality improvement tables published by the Society of Actuaries in the three months ended December 31, 2015 and determined our current assumptions are appropriate to measure our December 31, 2015 U.S. pension plans' benefit obligations.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods. The unamortized pre-tax actuarial loss on our pension plans was \$3.7 billion and \$4.6 billion at December 31, 2015 and 2014. The change is primarily due to the increase in discount rates partially offset by actual asset returns less than assumed returns. At December 31, 2015 \$2.0 billion of the unamortized pre-tax actuarial loss is outside the corridor (10% of the projected benefit obligation (PBO)) and subject to amortization. The weighted-average amortization period is approximately 12 years resulting in amortization expense of \$0.2 billion in 2016.

The underfunded status of the U.S. pension plans decreased by \$0.5 billion in the year ended December 31, 2015 to \$10.4 billion due primarily to: (1) a favorable effect due to an increase in discount rates of \$2.6 billion; (2) a favorable effect of actual returns on plan assets of \$0.8 billion; and (3) favorable contributions of \$0.1 billion; partially offset by (4) interest and service cost of \$3.0 billion.

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	U.S. Plans		Non-U.S. Plans	
	Effect on 2016 Pension Expense	Effect on December 31, 2015 PBO	Effect on 2016 Pension Expense	Effect on December 31, 2015 PBO
25 basis point decrease in discount rate	-\$ 58	+\$ 1,907	+\$ 13	+\$ 780
25 basis point increase in discount rate	+\$ 55	-\$ 1,821	-\$ 12	-\$ 746
25 basis point decrease in expected rate of return on assets	+\$ 149	N/A	+\$ 30	N/A
25 basis point increase in expected rate of return on assets	-\$ 149	N/A	-\$ 30	N/A

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Refer to Note 13 to our consolidated financial statements for additional information on pension contributions, investment strategies, assumptions, the change in benefit obligation and related plan assets, pension funding requirements and future net benefit payments. Refer to Note 2 to our consolidated financial statements for a discussion of the inputs used to determine fair value for each significant asset class or category.

Valuation of Deferred Tax Assets

The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required or should be adjusted is based on an evaluation of possible sources of taxable income and also considers all available positive and negative evidence factors. Our accounting for the valuation of deferred tax assets represents our best estimate of future events. Changes in our current estimates, due to unanticipated market conditions or events, could have a material effect on our ability to utilize deferred tax assets.

At December 31, 2015 valuation allowances against deferred tax assets were \$5.0 billion. Refer to Note 16 to our consolidated financial statements for additional information on the composition of these valuation allowances and information on the \$3.9 billion income tax benefit resulting from the reversal of valuation allowances against deferred tax assets in Europe.

Valuation of GM Financial Equipment on Operating Leases Assets and Residuals

GM Financial has investments in leased vehicles recorded as operating leases, which relate to vehicle leases to retail customers with lease terms ranging from two to five years. At the beginning of the lease contract a determination is made of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease term, which is the critical assumption underlying the estimated carrying value of leased assets. The estimated realizable value is based on the lower of the contracted residual value or the current market estimate of residual value based on independent lease guides. Since the customer is not obligated to purchase the vehicle at the end of the contract, GM Financial is exposed to a risk of loss to the extent the value of the vehicle at the end of the lease term is below the residual value estimated at contract inception. Over the life of the lease GM Financial evaluates the adequacy of the estimate of the residual value and may make adjustments to the extent the expected value of the vehicle at lease termination changes. Adjustments could result in a change in the depreciation rate of the leased asset or if an impairment exists, an impairment charge.

The following table summarizes vehicles included in GM Financial equipment on operating leases, net (vehicles in thousands):

	December 31, 2015	December 31, 2014
Cars	271	139
Trucks	121	28
Crossovers	401	135
Total	<u>793</u>	<u>302</u>

At December 31, 2015 GM Financial's estimated residual value of the leased assets at the end of the lease term was \$13.4 billion. The following table illustrates the effect of a 1% change in the estimated residual values at December 31, 2015, which will increase or decrease depreciation expense over the remaining term of GM Financial's operating leases, holding all other assumptions constant (dollars in millions):

	Impact to Depreciation Expense
Cars	\$ 31
Trucks	27
Crossovers	76
Total	<u>\$ 134</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Policy, Product Warranty and Recall Campaigns

In GMNA we accrue the costs for recall campaigns at the time of vehicle sale. In the other regions, there is not sufficient historical data to support the application of an actuarial-based estimation technique and the estimated costs will be accrued at the time when they are probable and reasonably estimable, which typically occurs once it is determined a specific recall campaign is needed and announced.

The estimates related to policy and product warranties are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. When little or no claims experience exists for a model year or a vehicle line, the estimate is based on comparable models. The estimates related to recall campaigns accrued at the time of vehicle sale are established by applying a frequency times severity approach that considers the number of recall events, the number of vehicles per recall event, the assumed number of vehicles that will be brought in by customers for repair (take rate) and the cost per vehicle for each recall event. Estimates contemplate the nature, frequency and magnitude of historical events with consideration for changes in future expectations. Costs associated with campaigns not accrued at the time of vehicle sale are estimated based on the per unit part and labor cost, number of units impacted and the take rate. Depending on part availability and time to complete repairs we may, from time to time, offer courtesy transportation at no cost to our customers. These estimates are re-evaluated on an ongoing basis and based on the best available information. Revisions are made when necessary. We consider trends of claims and take action to improve vehicle quality and minimize claims.

The estimated amount accrued for recall campaigns at the time of vehicle sale is most sensitive to the estimated number of recall events, the number of vehicles per recall event, the take rate, and the cost per vehicle for each recall event. The estimated cost of a recall campaign that is accrued on an individual basis is most sensitive to our estimated assumed take rate that is primarily developed based on our historical take rate experience. A 10% increase in the estimated take rate for all recall campaigns would increase the estimated cost by approximately \$0.3 billion.

Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Sales Incentives

The estimated effect of sales incentives to dealers and end customers is recorded as a reduction of Automotive net sales and revenue at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or sales region specific and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix, the rate of customer acceptance of any incentive program and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined and a reduction of Automotive net sales and revenue is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive net sales and revenue incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Forward-Looking Statements

In this 2015 Form 10-K and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “appears,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “will,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to maintain profitability over the long-term, including our ability to fund and introduce new and improved vehicle models that are able to attract a sufficient number of consumers;
- The success of our full-size pick-up trucks and SUVs;
- Global automobile market sales volume, which can be volatile;
- The results of our joint ventures, which we cannot operate solely for our benefit and over which we may have limited control;
- Our ability to realize production efficiencies and to achieve reductions in costs as we implement operating effectiveness initiatives throughout our automotive operations;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls and the cost and effect on our reputation and products;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology and our ability to deliver new products, services and customer experiences in response to new participants in the automotive industry;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Risks associated with our manufacturing facilities around the world;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our operations in various countries;
- The continued availability of both wholesale and retail financing from finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities’ ability to obtain funding and their continued willingness to provide financing;

GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

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Quantitative and Qualitative Disclosures About Market Risk

Automotive

The overall financial risk management program is under the responsibility of the Chief Financial Officer with support from the Financial Risk Council which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Financial Risk Council comprises members of our management and functions under the oversight of the Audit Committee and Finance Committee, committees of the Board of Directors. The Audit Committee and Finance Committee assist and guide the Board of Directors in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions in accordance with the policies and procedures approved by the Financial Risk Council. Our financial risk management policy is designed to protect against risk arising from extreme adverse market movements on our key exposures.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk and interest rate risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates and interest rate yield curves. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates change in a parallel fashion and that spot exchange rates change instantaneously. In addition the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of our operations. At December 31, 2015 our most significant foreign currency exposures were the Euro/British Pound, Euro/U.S. Dollar, U.S. Dollar/Mexican Peso, Euro/South Korean Won, U.S. Dollar/South Korean Won and U.S. Dollar/CAD. Derivative instruments such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2015 such contracts had remaining maturities of up to 20 months.

At December 31, 2015 and 2014 the net fair value liability of financial instruments with exposure to foreign currency risk was \$0.8 billion and \$0.9 billion. These amounts are calculated utilizing a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and exclude the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would have been \$0.3 billion and \$0.2 billion at December 31, 2015 and 2014.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

The following table summarizes the amounts of automotive foreign currency translation and transaction and remeasurement losses (dollars in millions):

	Years Ended December 31,	
	2015	2014
Translation losses recorded in Accumulated other comprehensive loss	\$ 302	\$ 19
Transaction and remeasurement losses recorded in earnings	\$ 813	\$ 430

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities. At December 31, 2015 and 2014 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations. At December 31, 2015 and 2014 the fair value liability of debt and capital leases was \$9.1 billion and \$9.8 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would have been \$0.4 billion at December 31, 2015 and 2014.

At December 31, 2015 and 2014 we had marketable securities of \$7.6 billion and \$8.0 billion classified as available-for-sale and \$0.6 billion and \$1.3 billion classified as trading. The potential decrease in fair value from a 50 basis point increase in interest rates would have been insignificant at December 31, 2015 and 2014.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive Financing—GM Financial

Interest Rate Risk

Fluctuations in market interest rates can affect GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid on debt. Typically retail finance receivables purchased by GM Financial bear fixed interest rates and are funded by variable or fixed rate debt. Commercial finance receivables originated by GM Financial bear variable interest rates and are funded by variable rate debt. The variable rate debt is subject to adjustments to reflect prevailing market interest rates. To help mitigate interest rate risk or mismatched funding, GM Financial may employ hedging strategies to lock in the interest rate spread.

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities.

In GM Financial's securitization transactions it can transfer fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions.

GM Financial had interest rate swaps and caps in asset positions with notional amounts of \$10.4 billion and \$3.8 billion and interest rate swaps and caps in liability positions with notional amounts of \$13.9 billion and \$7.4 billion at December 31, 2015 and 2014. The fair value of these derivative financial instruments was insignificant.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2015 (dollars in millions):

	2016	2017	2018	2019	2020	Thereafter	Fair Value
Assets							
Retail finance receivables							
Principal amounts	\$ 11,415	\$ 8,204	\$ 5,136	\$ 2,715	\$ 1,268	\$ 523	\$ 28,545
Weighted-average annual percentage rate	9.03%	9.08%	9.09%	9.17%	9.16%	9.37%	
Commercial finance receivables							
Principal amounts	\$ 7,900	\$ 106	\$ 103	\$ 101	\$ 72	\$ 98	\$ 8,162
Weighted-average annual percentage rate	2.85%	4.45%	4.32%	4.33%	4.39%	4.24%	
Liabilities							
Secured Debt:							
Credit facilities							
Principal amounts	\$ 5,563	\$ 1,286	\$ 592	\$ 95	\$ 11	\$ —	\$ 7,494
Weighted-average interest rate	2.50%	3.85%	3.92%	5.53%	4.86%	—%	
Securitization notes							
Principal amounts	\$ 8,887	\$ 7,882	\$ 5,096	\$ 1,025	\$ 306	\$ —	\$ 23,177
Weighted-average interest rate	1.80%	1.84%	2.17%	2.60%	2.59%	—%	
Unsecured Debt:							
Senior notes							
Principal amounts	\$ 1,000	\$ 2,738	\$ 3,106	\$ 3,093	\$ 4,110	\$ 5,050	\$ 19,045
Weighted-average interest rate	2.75%	3.57%	3.08%	2.93%	3.22%	4.04%	
Credit facilities and other unsecured debt							
Principal amounts	\$ 3,343	\$ 916	\$ 353	\$ 72	\$ —	\$ —	\$ 4,681
Weighted-average interest rate	7.89%	8.31%	2.74%	5.19%	—%	—%	

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2014 (dollars in millions):

	2015	2016	2017	2018	2019	Thereafter	Fair Value
Assets							
Retail finance receivables							
Principal amounts	\$ 10,440	\$ 7,336	\$ 4,551	\$ 2,308	\$ 968	\$ 382	\$ 25,541
Weighted-average annual percentage rate	10.26%	10.45%	10.56%	10.82%	11.04%	11.21%	
Commercial finance receivables							
Principal amounts	\$ 7,333	\$ 79	\$ 69	\$ 87	\$ 76	\$ 51	\$ 7,565
Weighted-average annual percentage rate	6.17%	4.63%	4.41%	4.36%	4.38%	4.67%	
Liabilities							
Secured Debt:							
Credit facilities							
Principal amounts	\$ 4,532	\$ 1,593	\$ 757	\$ 141	\$ 17	\$ —	\$ 6,991
Weighted-average interest rate	4.36%	5.92%	6.34%	8.63%	8.87%	—%	
Securitization notes							
Principal amounts	\$ 7,348	\$ 5,703	\$ 3,596	\$ 1,190	\$ 354	\$ —	\$ 18,237
Weighted-average interest rate	1.94%	1.86%	2.04%	2.50%	3.06%	—%	
Unsecured Debt:							
Senior notes							
Principal amounts	\$ —	\$ 1,000	\$ 2,795	\$ 1,250	\$ 1,405	\$ 2,000	\$ 8,707
Weighted-average interest rate	—%	2.75%	3.56%	4.65%	2.80%	4.33%	
Credit facilities and other unsecured debt							
Principal amounts	\$ 2,611	\$ 881	\$ 107	\$ 85	\$ 84	\$ —	\$ 3,772
Weighted-average interest rate	10.33%	9.70%	5.64%	5.14%	5.14%	—%	

GM Financial estimates the realization of finance receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

Foreign Currency Exchange Rate Risk

GM Financial is exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect GM Financial's financial condition.

GM Financial primarily finances its receivables and leased assets with debt in the same currency. When a different currency is used GM Financial may use foreign currency swaps to convert substantially all of its foreign currency debt obligations to the local currency of the receivables and lease assets to minimize any impact to earnings.

GM Financial had foreign currency swaps in asset positions with notional amounts of \$1.5 billion and \$1.6 billion and in liability positions with notional amounts of \$0 and \$1.1 billion at December 31, 2015 and 2014. The fair value of these derivative financial instruments was insignificant.

The following table summarizes the amounts of GM Financial's foreign currency translation and transaction and remeasurement losses (dollars in millions):

	Years Ended December 31,	
	2015	2014
Foreign currency translation losses recorded in Accumulated other comprehensive loss	\$ (669)	\$ (430)
Losses resulting from foreign currency transactions and remeasurements recorded in earnings	\$ (58)	\$ (170)
Gains resulting from foreign exchange swaps recorded in earnings	42	163
Net losses resulting from foreign currency exchange recorded in earnings	\$ (16)	\$ (7)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2015 of the Company and our report dated February 3, 2016 expressed an unqualified opinion on those financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Detroit, Michigan
February 3, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 3, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Deloitte & Touche LLP
Detroit, Michigan
February 3, 2016

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Financial Statements and Supplementary Data

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

	Years Ended December 31,		
	2015	2014	2013
Net sales and revenue			
Automotive	\$ 145,922	\$ 151,092	\$ 152,092
GM Financial	6,434	4,837	3,335
Total net sales and revenue	152,356	155,929	155,427
Costs and expenses			
Automotive cost of sales (Note 11)	128,321	138,082	134,925
GM Financial interest, operating and other expenses	5,733	4,039	2,448
Automotive selling, general and administrative expense	13,405	12,158	12,382
Goodwill impairment charges (Note 9)	—	120	541
Total costs and expenses	147,459	154,399	150,296
Operating income	4,897	1,530	5,131
Automotive interest expense	443	403	334
Interest income and other non-operating income, net (Note 18)	621	823	1,063
Gain (loss) on extinguishment of debt (Note 12)	449	202	(212)
Equity income (Note 7)	2,194	2,094	1,810
Income before income taxes	7,718	4,246	7,458
Income tax expense (benefit) (Note 16)	(1,897)	228	2,127
Net income	9,615	4,018	5,331
Net (income) loss attributable to noncontrolling interests	72	(69)	15
Net income attributable to stockholders	<u>\$ 9,687</u>	<u>\$ 3,949</u>	<u>\$ 5,346</u>
Net income attributable to common stockholders	\$ 9,687	\$ 2,804	\$ 3,770
Earnings per share (Note 20)			
Basic			
Basic earnings per common share	\$ 6.11	\$ 1.75	\$ 2.71
Weighted-average common shares outstanding	1,586	1,605	1,393
Diluted			
Diluted earnings per common share	\$ 5.91	\$ 1.65	\$ 2.38
Weighted-average common shares outstanding	1,640	1,687	1,676

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

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

	Years Ended December 31,		
	2015	2014	2013
Net income	\$ 9,615	\$ 4,018	\$ 5,331
Other comprehensive income (loss), net of tax (Note 19)			
Foreign currency translation adjustments	(955)	(473)	(733)
Defined benefit plans, net	1,011	(4,505)	5,693
Other	—	(5)	(39)
Other comprehensive income (loss), net of tax	56	(4,983)	4,921
Comprehensive income (loss)	9,671	(965)	10,252
Comprehensive (income) loss attributable to noncontrolling interests	53	(46)	33
Comprehensive income (loss) attributable to stockholders	<u>\$ 9,724</u>	<u>\$ (1,011)</u>	<u>\$ 10,285</u>

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except per share amounts)

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,238	\$ 18,954
Marketable securities (Note 3)	8,163	9,222
Restricted cash and marketable securities (Note 3; Note 10 at VIEs)	1,590	1,338
Accounts and notes receivable (net of allowance of \$327 and \$340)	8,337	9,078
GM Financial receivables, net (Note 4; Note 10 at VIEs)	18,051	16,528
Inventories (Note 5)	13,764	13,642
Equipment on operating leases, net (Note 6)	2,783	3,564
Deferred income taxes (Note 16)	8,599	9,760
Other current assets	1,482	1,540
Total current assets	78,007	83,626
Non-current Assets		
Restricted cash and marketable securities (Note 3; Note 10 at VIEs)	583	935
GM Financial receivables, net (Note 4; Note 10 at VIEs)	18,500	16,006
Equity in net assets of nonconsolidated affiliates (Note 7)	9,201	8,350
Property, net (Note 8)	31,229	27,743
Goodwill and intangible assets, net (Note 9)	5,947	6,410
GM Financial equipment on operating leases, net (Note 6; Note 10 at VIEs)	20,172	7,060
Deferred income taxes (Note 16)	28,443	25,414
Other assets	2,438	1,957
Total non-current assets	116,513	93,875
Total Assets	\$ 194,520	\$ 177,501
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	\$ 24,062	\$ 22,529
Short-term debt and current portion of long-term debt (Note 12)		
Automotive	817	497
GM Financial (Note 10 at VIEs)	18,745	14,447
Accrued liabilities (Note 11)	27,842	28,184
Total current liabilities	71,466	65,657
Non-current Liabilities		
Long-term debt (Note 12)		
Automotive	7,948	8,853
GM Financial (Note 10 at VIEs)	35,601	22,868
Postretirement benefits other than pensions (Note 13)	5,685	6,229
Pensions (Note 13)	20,911	23,788
Other liabilities (Note 11)	12,586	14,082
Total non-current liabilities	82,731	75,820
Total Liabilities	154,197	141,477
Commitments and contingencies (Note 15)		
Equity (Note 19)		
Common stock, \$0.01 par value	15	16
Additional paid-in capital	27,607	28,937
Retained earnings	20,285	14,577
Accumulated other comprehensive loss	(8,036)	(8,073)
Total stockholders' equity	39,871	35,457
Noncontrolling interests	452	567
Total Equity	40,323	36,024
Total Liabilities and Equity	\$ 194,520	\$ 177,501

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

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

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net income	\$ 9,615	\$ 4,018	\$ 5,331
Depreciation, amortization and impairment charges	8,017	7,238	8,041
Foreign currency remeasurement and transaction losses	829	437	350
Amortization of discount and issuance costs on debt issues	176	181	114
Undistributed earnings of nonconsolidated affiliates and gains on investments	(147)	(301)	(92)
Pension contributions and OPEB payments	(1,600)	(1,315)	(1,458)
Pension and OPEB expense, net	321	439	638
(Gains) losses on extinguishment of debt	(449)	(202)	212
Provision (benefit) for deferred taxes	(2,757)	(574)	1,561
Change in other operating assets and liabilities (Note 24)	(1,754)	244	(1,326)
Other operating activities	(273)	(107)	(741)
Net cash provided by operating activities	11,978	10,058	12,630
Cash flows from investing activities			
Expenditures for property	(7,874)	(7,091)	(7,565)
Available-for-sale marketable securities, acquisitions	(8,113)	(7,636)	(6,754)
Trading marketable securities, acquisitions	(1,250)	(1,518)	(3,214)
Available-for-sale marketable securities, liquidations	8,463	6,874	3,566
Trading marketable securities, liquidations	1,758	1,881	6,538
Acquisition of companies/investments, net of cash acquired	(928)	(53)	(2,623)
Proceeds from sale of business units/investments, net of cash disposed	—	—	896
Increase in restricted cash and marketable securities	(744)	(839)	(984)
Decrease in restricted cash and marketable securities	376	515	1,107
Purchases of finance receivables	(17,495)	(14,744)	(10,838)
Principal collections and recoveries on finance receivables	11,726	10,860	7,555
Purchases of leased vehicles, net	(15,158)	(4,776)	(2,254)
Proceeds from termination of leased vehicles	1,096	533	217
Other investing activities	108	296	(9)
Net cash used in investing activities	(28,035)	(15,698)	(14,362)
Cash flows from financing activities			
Net increase in short-term debt	1,128	391	156
Proceeds from issuance of debt (original maturities greater than three months)	35,679	31,373	28,041
Payments on debt (original maturities greater than three months)	(17,256)	(19,524)	(20,191)
Payments to purchase stock	(3,520)	(3,277)	(2,438)
Dividends paid (including charge related to redemption and purchase of Series A Preferred Stock)	(2,242)	(3,165)	(1,687)
Other financing activities	(103)	(123)	(150)
Net cash provided by financing activities	13,686	5,675	3,731
Effect of exchange rate changes on cash and cash equivalents	(1,345)	(1,102)	(400)
Net increase (decrease) in cash and cash equivalents	(3,716)	(1,067)	1,599
Cash and cash equivalents at beginning of period	18,954	20,021	18,422
Cash and cash equivalents at end of period	\$ 15,238	\$ 18,954	\$ 20,021
Significant Non-cash Investing and Financing Activity			
Non-cash property additions	\$ 4,676	\$ 3,313	\$ 3,224
Mandatory conversion of Series B Preferred Stock into common stock (Note 19)			\$ 4,854

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

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

	Common Stockholders'							Total Equity
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	
Balance January 1, 2013	\$ 5,536	\$ 4,855	\$ 14	\$ 23,834	\$ 10,057	\$ (8,052)	\$ 756	\$ 37,000
Net income	—	—	—	—	5,346	—	(15)	5,331
Other comprehensive income	—	—	—	—	—	4,939	(18)	4,921
Purchase and cancellation of Series A Preferred Stock	(2,427)	—	—	—	—	—	—	(2,427)
Exercise of common stock warrants	—	—	—	3	—	—	—	3
Stock based compensation	—	—	—	75	—	—	—	75
Mandatory conversion of Series B Preferred Stock into common stock	—	(4,855)	1	4,854	—	—	—	—
Cash dividends paid on Series A Preferred Stock, charge related to purchase of Series A Preferred Stock and dividends on Series B Preferred Stock	—	—	—	—	(1,587)	—	—	(1,587)
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(82)	(82)
Other	—	—	—	14	—	—	(74)	(60)
Balance December 31, 2013	3,109	<u>\$ —</u>	15	28,780	13,816	(3,113)	567	43,174
Net income	—	—	—	—	3,949	—	69	4,018
Other comprehensive loss	—	—	—	—	—	(4,960)	(23)	(4,983)
Redemption and cancellation of Series A Preferred Stock	(3,109)	—	—	—	—	—	—	(3,109)
Purchase of common stock	—	—	—	(85)	(83)	—	—	(168)
Exercise of common stock warrants	—	—	1	38	—	—	—	39
Stock based compensation	—	—	—	206	(17)	—	—	189
Cash dividends paid on Series A Preferred Stock and charge related to redemption of Series A Preferred Stock	—	—	—	—	(1,160)	—	—	(1,160)
Cash dividends paid on common stock	—	—	—	—	(1,928)	—	—	(1,928)
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(73)	(73)
Other	—	—	—	(2)	—	—	27	25
Balance December 31, 2014	<u>\$ —</u>	—	16	28,937	14,577	(8,073)	567	36,024
Net income	—	—	—	—	9,687	—	(72)	9,615
Other comprehensive income	—	—	—	—	—	37	19	56
Purchase of common stock	—	—	(1)	(1,745)	(1,774)	—	—	(3,520)
Exercise of common stock warrants	—	—	—	46	—	—	—	46
Stock based compensation	—	—	—	369	(31)	—	—	338
Cash dividends paid on common stock	—	—	—	—	(2,174)	—	—	(2,174)
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(75)	(75)
Other	—	—	—	—	—	—	13	13
Balance December 31, 2015	—	—	<u>\$ 15</u>	<u>\$ 27,607</u>	<u>\$ 20,285</u>	<u>\$ (8,036)</u>	<u>\$ 452</u>	<u>\$ 40,323</u>

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Basis of Presentation

General Motors Company was incorporated as a Delaware corporation in 2009. We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through GM Financial. We analyze the results of our business through the following segments: GMNA, GME, GMIO, GMSA and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs such as interest, income taxes, corporate expenditures and certain nonsegment specific revenues and expenses.

Principles of Consolidation

The consolidated financial statements are prepared in conformity with U.S. GAAP. All intercompany balances and transactions have been eliminated in consolidation.

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. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate.

Use of Estimates in the Preparation of the Financial Statements

Accounting estimates are an integral part of the consolidated financial statements. These estimates require the use of judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Note 2. Significant Accounting Policies

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive net sales and revenue primarily consist of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed to our customers. For the majority of our automotive sales this occurs when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Vehicle sales are recorded when the vehicle is delivered to the dealer in most remaining cases. Provisions for recurring or announced dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive net sales and

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

revenue at the time of vehicle sales. All other incentives, allowances and rebates related to vehicles previously sold are recorded as reductions to Automotive net sales and revenue when announced. Taxes assessed by various government entities, such as sales, use and value-added taxes, collected at the time of sale are excluded from Automotive net sales and revenues.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Automotive Financing — GM Financial

Finance charge income earned on receivables is recognized using the effective interest method for retail finance receivables and accrual method for commercial finance receivables. 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 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.

Advertising and Promotion Expenditures

Advertising and promotion expenditures, which are expensed as incurred in Automotive selling, general and administrative expense, were \$5.1 billion, \$5.2 billion and \$5.5 billion in the years ended December 31, 2015, 2014 and 2013.

Research and Development Expenditures

Research and development expenditures, which are expensed as incurred in Automotive cost of sales, were \$7.5 billion, \$7.4 billion and \$7.2 billion in the years ended December 31, 2015, 2014 and 2013.

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Level 2 — Quoted prices for *similar* instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as 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 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 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 securities using the specific identification method.

We measure the fair value of our marketable 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. Based on our review we 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 securities are other-than-temporary. Factors considered include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

We are required to post cash and marketable securities as collateral as part of certain agreements that we enter into as part of our operations. Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements and include amounts related to various deposits, escrows and other cash collateral.

Finance Receivables

Finance receivables are carried at amortized cost, net of allowance for loan losses.

The component of the allowance for retail finance receivables that is collectively evaluated for impairment is based on a statistical calculation which is supplemented by management judgment. GM Financial uses a combination of forecasting models to determine the allowance for loan losses. Factors that are considered when estimating the allowance include historical delinquency migration to loss, probability of default and loss given default. The loss confirmation period is a key assumption within the models and represents the average amount of time from when a loss event first occurs to when the receivable is charged-off. GM Financial also considers an evaluation of overall portfolio credit quality based on various indicators.

Retail finance receivables are generally charged off in the month in which the account becomes 120 days contractually delinquent if we have not yet recorded a repossession charge-off. A charge-off generally represents the difference between the estimated net sales proceeds and the amount of the contract, including accrued interest.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Inventory

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less cost to sell, and considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current and expected incentive offers at the balance sheet date. Net realizable value for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage or if they have become obsolete.

Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation and impairment, net of origination fees or costs and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Leased vehicles are depreciated on a straight-line basis to an estimated residual value over the term of the lease agreements.

We have significant investments in vehicle operating lease portfolios, which consist of vehicle leases to retail customers with lease terms of two to five years and vehicles leased to rental car companies with lease terms that average eight months or less. We are exposed to changes in the residual values of those assets. For impairment purposes the residual values represent estimates of the values of the vehicles leased 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 lease and adjustments may be made to the extent the expected value of the vehicle at lease termination 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 vehicles leased. If the carrying amount is considered impaired an impairment charge is recorded for the amount by which the carrying amount exceeds fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. Upon disposition proceeds are recorded in Automotive net sales and revenue and costs are recorded in Automotive cost of sales. 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.

Depreciation expense and impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial interest, operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. Impairment charges related to equity method investments are recorded in Equity income. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Property, net

Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality are capitalized. The gross amount of assets under capital leases is included in property, plant and equipment.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. The amortization of the assets under capital leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales, Automotive selling, general and administrative expense or GM Financial interest, operating and other expenses.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. We amortize special tools over their estimated useful lives using the straight-line method or an accelerated amortization method based on their historical and estimated production volume. Impairment charges related to special tools are recorded in Automotive cost of sales.

Goodwill

Goodwill is tested for impairment for all reporting units on an annual basis as of October 1, or more frequently if events occur or circumstances change that would warrant such a review. When performing our goodwill impairment testing, the fair values of our reporting units are determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates, which utilize Level 3 inputs, about the extent and timing of future cash flows, growth rates, market share and discount rates that represent unobservable inputs into our valuation methodologies. Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculate the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to Accounting Standards Codification (ASC) 805.

Intangible Assets, net

Intangible assets, excluding goodwill, primarily include brand names, technology and intellectual property, customer relationships and dealer networks. Intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life. Impairment charges related to intangible assets are recorded in Automotive selling, general and administrative expense or Automotive cost of sales. Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial interest, operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds fair value. Product-specific long-lived asset groups and non-product specific long-lived assets are separately tested for impairment on a reporting unit basis in GMNA and GME and tested at or within our various reporting units in GMIO, GMSA and GM Financial. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in vehicle profitability due to changes in volume, pricing or costs.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pension and OPEB Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the average period to full eligibility; or (2) the average life expectancy of the plan participants.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60% of the difference between the fair value of assets and the expected calculated value in the first year and 10% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany represents 91% of the non-U.S. pension benefit obligation at December 31, 2015. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach similar to the U.S. approach.

Plan Asset Valuation

Due to the lack of timely available market information for certain investments in the asset classes described below as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Common and Preferred Stock

Common and preferred stock for which market prices are readily available at the measurement date are valued at the last reported sale price or official closing price on the primary market or exchange on which they are actively traded and are classified in Level 1. Such equity securities for which the market is not considered to be active are valued via the use of observable inputs, which may include, among others, the use of adjusted market prices last available, bids or last available sales prices and/or other observable inputs and are classified in Level 2. Common and preferred stock classified in Level 3 are those privately issued securities or other issues that are valued via the use of valuation models using significant unobservable inputs that generally consider among others, aged (stale) pricing, earnings multiples, discounted cash flows and/or other qualitative and quantitative factors.

Debt Securities

Valuations for debt securities are based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities priced via pricing services that utilize matrix pricing which considers readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices, are classified in Level 2. Debt securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of yield and credit spread assumptions, discount rates, prepayment curves, default assumptions and recovery rates.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Investment funds, private equity and debt investments and real estate investments are valued based on the Net Asset Value (NAV) per Share (or its equivalent) as a practical expedient to estimate fair value due to the absence of readily available market prices.

NAV's are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether and when deemed necessary to make an adjustment at the balance sheet date. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investments or comparable investments, overall market conditions, expected sale prices for private investments which are probable of being sold in the short-term and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation.

Extended Disability Benefits

We provide extended disability benefits for employees currently disabled and those in the active workforce who may become disabled in the form of income replacement, healthcare costs and life insurance premiums. We recognize a liability for extended disability benefits over the expected service period using measurement provisions similar to those used to measure our OPEB obligations based on our best estimate of the probable liability at the measurement date. We record actuarial gains and losses immediately in earnings.

Stock Incentive Plans

Our stock incentive plans include RSUs, Performance Share Units (PSUs), stock options and salary stock. We measure and record compensation expense based on the fair value of our common stock on the date of grant for RSUs and PSUs and the grant date fair value of stock options determined utilizing a lattice model or the Black-Scholes-Merton formula. Compensation cost for awards that do not have an established accounting grant date is based on the fair value of our common stock at the end of each reporting period. We record compensation cost for RSUs and PSUs on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period. We use the graded vesting method to record compensation cost for stock options over the lesser of the vesting period or the time period an employee becomes eligible to retain the award at retirement. Salary stock awards are fully vested and nonforfeitable upon grant; therefore, compensation cost is recorded on the date of grant. The liability for stock incentive plan awards settled in cash is remeasured to fair value at the end of each reporting period.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary based on changes in these factors. The estimated costs related to recall campaigns are accrued at the time of vehicle sale in GMNA and when probable and reasonably estimable in other geographical regions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors. It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year results as the primary measure of cumulative losses in recent years.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. We record interest and penalties on uncertain tax positions in Income tax expense (benefit).

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries that use the local currency as their functional currency are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive loss. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive cost of sales and GM Financial interest, operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net. Foreign currency transaction and remeasurement losses were \$829 million, \$437 million and \$350 million in the years ended December 31, 2015, 2014 and 2013.

Derivative Financial Instruments

Automotive Financing — GM Financial

GM Financial recognizes all of its derivative financial instruments as either assets or liabilities at fair value. The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. GM Financial does not use derivative instruments for trading or speculative purposes.

GM Financial utilizes interest rate cap and interest rate swap agreements to manage interest rate risk. The change in fair value of the cap and swap agreements is recorded in GM Financial interest, operating and other expenses. Cash flows for all derivative financial instruments are classified as operating activities.

GM Financial also utilizes certain interest rate swap agreements as fair value hedges of fixed-rate debt. The risk being hedged is the risk of changes in the fair value of the hedged debt attributable to changes in the benchmark interest rate. If the hedge relationship is deemed to be highly effective and the swap has been designated as a fair value hedge, the changes in the fair value of the hedged debt are recorded in debt with the offset in GM Financial interest, operating and other expenses. The change in fair value of the related derivative (excluding accrued interest) is also recorded in GM Financial interest, operating and other expenses.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Recently Adopted Accounting Standards

In 2015 we adopted ASU 2015-02, “Amendments to the Consolidation Analysis” (ASU 2015-02), which is effective for annual reporting periods beginning on or after December 15, 2015, with early adoption permitted. ASU 2015-02 requires us to reassess whether certain entities should be consolidated. Also in 2015 we adopted the provisions of ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs” (ASU 2015-03), whereby debt issuance costs associated with non-revolving debt are presented as a reduction to the debt principal balance. The adoption of ASU 2015-02 and ASU 2015-03 did not have a material impact on our consolidated financial statements. Certain prior year amounts were reclassified to conform to our current year presentation.

In 2015 we also adopted the provisions of ASU 2015-07, “Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)”, in which investments measured at fair value using the net asset value per share method (or its equivalent) as a practical expedient are not required to be categorized in the fair value hierarchy and are separately presented to permit reconciliation of total pension plan assets. Refer to Note 13 for details of the impact of this adoption. Certain prior year amounts were reclassified to conform to our current year presentation.

Accounting Standards Not Yet Adopted

In November 2015 the Financial Accounting Standards Board (FASB) issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes” (ASU 2015-17), which changes how deferred taxes are classified on our balance sheets and is effective for financial statements issued for annual periods beginning after December 15, 2016, with early adoption permitted. ASU 2015-17 requires all deferred tax assets and liabilities to be classified as non-current. Upon adoption, we anticipate reclassifying deferred income taxes of approximately \$9 billion from current to non-current assets.

In May 2014 the FASB issued ASU 2014-09, “Revenue from Contracts with Customers” (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 and requires expanded disclosures. ASU 2014-09, as amended, is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted as of annual periods beginning after December 15, 2016. We continue to assess the overall impact the adoption of ASU 2014-09 will have on our consolidated financial statements.

In January 2016 the FASB issued ASU 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” (ASU 2016-01), which 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 and updates certain presentation and disclosure requirements. ASU 2016-01 is effective beginning after December 15, 2017 and we are currently assessing the impact the adoption will have on our consolidated financial statements.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 3. Marketable Securities

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

	Fair Value Level	December 31, 2015	December 31, 2014
Cash, cash equivalents and time deposits		\$ 7,730	\$ 7,633
Available-for-sale securities			
U.S. government and agencies	2	\$ 5,329	\$ 7,557
Corporate debt	2	6,267	7,984
Money market funds	1	2,275	2,480
Sovereign debt	2	1,219	824
Total available-for-sale securities		15,090	18,845
Trading securities — sovereign debt	2	581	1,698
Total marketable securities (including securities classified as cash equivalents)		\$ 15,671	\$ 20,543
Restricted cash and marketable securities			
Available-for-sale securities, primarily money market funds	1	\$ 1,340	\$ 1,427
Restricted cash, cash equivalents and time deposits		833	846
Total restricted cash and marketable securities		\$ 2,173	\$ 2,273
Available-for-sale securities included above with contractual maturities			
Due in one year or less		\$ 10,843	
Due between one and five years		1,998	
Total available-for-sale securities with contractual maturities		\$ 12,841	

Marketable securities classified as cash equivalents totaled \$7.5 billion and \$11.3 billion at December 31, 2015 and 2014 and consisted of U.S. government and agency securities, corporate debt, money market funds and sovereign debt.

Sales proceeds from investments classified as available-for-sale and sold prior to maturity were \$7.9 billion, \$5.9 billion and \$4.7 billion in the years ended December 31, 2015, 2014 and 2013. Cumulative unrealized gains and losses on available-for-sale securities and net unrealized gains and losses on trading securities were insignificant at and in the years ended December 31, 2015, 2014 and 2013.

Note 4. GM Financial Receivables, net

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

	December 31, 2015			December 31, 2014		
	Retail	Commercial	Total	Retail	Commercial	Total
Finance receivables	\$ 29,124	\$ 8,209	\$ 37,333	\$ 25,623	\$ 7,606	\$ 33,229
Less: allowance for loan losses	(735)	(47)	(782)	(655)	(40)	(695)
GM Financial receivables, net	\$ 28,389	\$ 8,162	\$ 36,551	\$ 24,968	\$ 7,566	\$ 32,534
Fair value of GM Financial receivables, net			\$ 36,707			\$ 33,106
Allowance for loan losses classified as current			\$ (601)			\$ (529)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GM Financial estimates the fair value of retail finance receivables using observable and unobservable inputs within a cash flow model, a Level 3 input. The inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows is calculated and discounted using a weighted-average cost of capital or current interest rates. The weighted-average cost of capital uses unobservable debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity profile as the portfolio. Macroeconomic factors could affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model. A substantial majority of GM Financial's commercial finance receivables have variable interest rates and maturities of one year or less. Therefore, the carrying amount is considered to be a reasonable estimate of fair value using Level 2 inputs.

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

	Years Ended December 31,		
	2015	2014	2013
Balance at beginning of period	\$ 695	\$ 548	\$ 351
Provision for loan losses	624	604	475
Charge-offs	(999)	(914)	(643)
Recoveries	487	470	362
Effect of foreign currency	(25)	(13)	3
Balance at end of period	<u>\$ 782</u>	<u>\$ 695</u>	<u>\$ 548</u>

The activity for the allowance for commercial loan losses was insignificant in the years ended December 31, 2015, 2014 and 2013.

Credit Quality

Retail Finance Receivables

GM Financial uses proprietary scoring systems in its underwriting process that measure the credit quality of the receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO scores) and contract characteristics. In addition to GM Financial's proprietary scoring systems GM Financial considers other individual consumer factors such as employment history, financial stability and capacity to pay. Subsequent to origination GM Financial reviews the credit quality of retail receivables based on customer payment activity. At the time of loan origination substantially all of GM Financial's international consumers are considered to be prime credit quality. At December 31, 2015 and 2014, 60% and 83% of the retail finance receivables in North America were from consumers with sub-prime credit scores, which are defined as FICO scores of less than 620 at the time of loan origination.

GM Financial purchases retail finance contracts from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. At December 31, 2015 and 2014 the accrual of finance charge income had been suspended on delinquent retail finance receivables with contractual amounts due of \$778 million and \$682 million. The following table summarizes the contractual amount of delinquent contracts, which is not significantly different than the recorded investment of the retail finance receivables (dollars in millions):

	December 31, 2015		December 31, 2014	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
31-to-60 days delinquent	\$ 1,237	4.2%	\$ 1,083	4.2%
Greater-than-60 days delinquent	481	1.6%	432	1.7%
Total finance receivables more than 30 days delinquent	1,718	5.8%	1,515	5.9%
In repossession	46	0.2%	40	0.2%
Total finance receivables more than 30 days delinquent or in repossession	\$ 1,764	6.0%	\$ 1,555	6.1%

Commercial Finance Receivables

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

	December 31, 2015	December 31, 2014
Group I — Dealers with superior financial metrics	\$ 1,298	\$ 1,050
Group II — Dealers with strong financial metrics	2,573	2,022
Group III — Dealers with fair financial metrics	2,597	2,599
Group IV — Dealers with weak financial metrics	1,058	1,173
Group V — Dealers warranting special mention due to potential weaknesses	501	524
Group VI — Dealers with loans classified as substandard, doubtful or impaired	182	238
	\$ 8,209	\$ 7,606

Note 5. Inventories

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

	December 31, 2015				
	GMNA	GME	GMIO	GMSA	Total
Total productive material, supplies and work in process	\$ 2,705	\$ 713	\$ 1,113	\$ 616	\$ 5,147
Finished product, including service parts	4,884	2,166	954	613	8,617
Total inventories	\$ 7,589	\$ 2,879	\$ 2,067	\$ 1,229	\$ 13,764

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	December 31, 2014				
	GMNA	GME	GMIO	GMSA	Total
Total productive material, supplies and work in process	\$ 2,592	\$ 778	\$ 1,216	\$ 794	\$ 5,380
Finished product, including service parts	4,320	2,394	1,026	522	8,262
Total inventories	<u>\$ 6,912</u>	<u>\$ 3,172</u>	<u>\$ 2,242</u>	<u>\$ 1,316</u>	<u>\$ 13,642</u>

Note 6. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net consists of vehicle sales to daily rental car companies with a guaranteed repurchase obligation. The following tables summarize information related to Equipment on operating leases, net (dollars in millions):

	December 31, 2015	December 31, 2014
Equipment on operating leases	\$ 3,037	\$ 3,822
Less: accumulated depreciation	(254)	(258)
Equipment on operating leases, net	<u>\$ 2,783</u>	<u>\$ 3,564</u>

	Years Ended December 31,		
	2015	2014	2013
Depreciation expense	\$ 341	\$ 507	\$ 218
Impairment charges	\$ 215	\$ 155	\$ 168

Automotive Financing — GM Financial

GM Financial originates leases to retail customers that are recorded as operating leases. The following table summarizes GM Financial equipment on operating leases, net (dollars in millions):

	December 31, 2015	December 31, 2014
GM Financial equipment on operating leases	\$ 23,005	\$ 8,268
Less: accumulated depreciation	(2,833)	(1,208)
GM Financial equipment on operating leases, net	<u>\$ 20,172</u>	<u>\$ 7,060</u>

Depreciation expense related to GM Financial equipment on operating leases, net was \$2.3 billion, \$868 million and \$450 million in the years ended December 31, 2015, 2014 and 2013.

The following table summarizes minimum rental payments due to GM Financial as lessor under operating leases (dollars in millions):

	2016	2017	2018	2019	2020
Minimum rental receipts under operating leases	\$ 3,359	\$ 2,830	\$ 1,494	\$ 169	\$ 4

Note 7. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used due to the ability to exert significant influence over decisions relating to their operating and financial affairs. Our nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts. We enter into transactions with certain nonconsolidated affiliates to purchase and sell component parts and vehicles.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revenue and expenses of our joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income. The following table summarizes information regarding Equity income (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Automotive China JVs	\$ 2,057	\$ 2,066	\$ 1,763
Other joint ventures	137	28	47
Total equity income	<u>\$ 2,194</u>	<u>\$ 2,094</u>	<u>\$ 1,810</u>

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

The following tables summarize transactions with and balances related to our nonconsolidated affiliates (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Automotive sales and revenue	\$ 1,764	\$ 2,762	\$ 2,724
Automotive purchases, net	\$ 93	\$ 311	\$ 724
Dividends received	\$ 2,047	\$ 1,793	\$ 1,719
Operating cash flows	\$ 3,782	\$ 4,321	\$ 3,607

	December 31, 2015	December 31, 2014
Accounts and notes receivable, net	\$ 721	\$ 706
Accounts payable	\$ 179	\$ 205
Undistributed earnings	\$ 2,158	\$ 2,011

Investment in Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in nonconsolidated affiliates (dollars in millions):

	December 31, 2015	December 31, 2014
Automotive China JVs	\$ 7,997	\$ 8,140
Other investments	1,204	210
Total equity in net assets of nonconsolidated affiliates	<u>\$ 9,201</u>	<u>\$ 8,350</u>

At December 31, 2015 and 2014 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by \$4.3 billion and \$3.9 billion primarily related to goodwill from the application of fresh-start reporting and purchase of additional interests in nonconsolidated affiliates.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes our direct ownership interests in Automotive China JVs at December 31, 2015 and 2014:

	<u>Direct Ownership</u>
SAIC General Motors Corp., Ltd. (SGM)	50%
SAIC GM (Shenyang) Norsom Motors Co., Ltd. (SGM Norsom)	25%
SAIC GM Dong Yue Motors Co., Ltd. (SGM DY)	25%
SAIC GM Dong Yue Powertrain Co., Ltd. (SGM DYPT)	25%
SAIC GM Wuling Automobile Co., Ltd.	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd.	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (50%) and us (50%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). These four joint ventures are engaged in the production, import and sale of a comprehensive range of products under the Buick, Chevrolet and Cadillac brands. SGM also has interests in Shanghai OnStar (20%), Shanghai Chengxin Used Car (33%) and SAIC-GMAC (20%).

Summarized Financial Data of Nonconsolidated Affiliates

The following tables present summarized financial data for nonconsolidated affiliates (dollars in millions):

	December 31, 2015			December 31, 2014		
	Automotive China JVs	Others	Total	Automotive China JVs	Others	Total
Summarized Balance Sheet Data						
Current assets	\$ 17,270	\$ 9,358	\$ 26,628	\$ 15,442	\$ 2,636	\$ 18,078
Non-current assets	10,801	4,266	15,067	9,758	1,507	11,265
Total assets	<u>\$ 28,071</u>	<u>\$ 13,624</u>	<u>\$ 41,695</u>	<u>\$ 25,200</u>	<u>\$ 4,143</u>	<u>\$ 29,343</u>
Current liabilities	\$ 19,141	\$ 8,477	\$ 27,618	\$ 16,141	\$ 2,179	\$ 18,320
Non-current liabilities	1,132	1,933	3,065	931	495	1,426
Total liabilities	<u>\$ 20,273</u>	<u>\$ 10,410</u>	<u>\$ 30,683</u>	<u>\$ 17,072</u>	<u>\$ 2,674</u>	<u>\$ 19,746</u>
Noncontrolling interests	\$ 907	\$ 6	\$ 913	\$ 1,043	\$ 3	\$ 1,046
				Years Ended December 31,		
				2015	2014	2013
Summarized Operating Data						
Automotive China JVs' net sales				\$ 44,959	\$ 43,853	\$ 38,767
Others' net sales				3,571	3,171	1,830
Total net sales				<u>\$ 48,530</u>	<u>\$ 47,024</u>	<u>\$ 40,597</u>
Automotive China JVs' net income				\$ 4,290	\$ 4,312	\$ 3,685
Others' net income				435	91	50
Total net income				<u>\$ 4,725</u>	<u>\$ 4,403</u>	<u>\$ 3,735</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 8. Property, net

The following table summarizes the components of Property, net (dollars in millions):

	Estimated Useful Lives in Years	December 31, 2015	December 31, 2014
Land		\$ 1,636	\$ 1,695
Buildings and improvements	5-40	5,562	5,236
Machinery and equipment	3-27	19,338	16,788
Construction in progress		4,633	4,114
Real estate, plants and equipment		31,169	27,833
Less: accumulated depreciation		(9,516)	(8,067)
Real estate, plants and equipment, net		21,653	19,766
Special tools, net	1-9	9,576	7,977
Total property, net		\$ 31,229	\$ 27,743

The amount of capitalized software included in Property, net was \$907 million and \$817 million at December 31, 2015 and 2014. The amount of interest capitalized and excluded from Automotive interest expense related to Property, net was \$101 million, \$70 million and \$81 million in the years ended December 31, 2015, 2014 and 2013.

The following table summarizes depreciation, amortization and impairment charges related to Property, net (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Depreciation and amortization expense	\$ 4,251	\$ 4,187	\$ 3,959
Impairment charges	\$ 628	\$ 709	\$ 901
Capitalized software amortization expense(a)	\$ 378	\$ 295	\$ 244

(a) Included in depreciation and amortization expense.

Note 9. Goodwill and Intangible Assets, net

Goodwill

At December 31, 2015 and 2014 our entire goodwill balances of \$1.4 billion were recorded in GM Financial.

Based on the results of our annual goodwill impairment tests for GMSA we recorded total Goodwill impairment charges of \$120 million in the year ended December 31, 2014. The impairment charges primarily resulted from lower forecasted profitability in Brazil resulting from recent deterioration in local market conditions and in Venezuela resulting from challenging local market conditions, including unfavorable foreign exchange rates and the recent downward trend in the price of oil.

In the year ended December 31, 2013 we recorded Goodwill impairment charges of \$541 million in GMIO as a result of performed event-driven goodwill impairment tests for: (1) GM Korea (GM Korea Company) as the fair value of GM Korea continued to be below its carrying amount due to ongoing economic weakness in certain markets to which GM Korea exports, lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates and our announced plans to cease mainstream distribution of the Chevrolet brand in Western and Central Europe; and (2) GM India due to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and deterioration in local market conditions.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Intangible Assets

The following table summarizes the components of Intangible assets, net (dollars in millions):

	December 31, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	\$ 8,263	\$ 7,838	\$ 425	\$ 8,289	\$ 7,744	\$ 545
Brands	4,427	808	3,619	4,447	683	3,764
Dealer network and customer relationships . . .	1,019	496	523	1,094	434	660
Favorable contracts and other	327	318	9	345	331	14
Total intangible assets	<u>\$ 14,036</u>	<u>\$ 9,460</u>	<u>\$ 4,576</u>	<u>\$ 14,175</u>	<u>\$ 9,192</u>	<u>\$ 4,983</u>

The following table summarizes the amortization expense and impairment charges related to Intangible assets, net (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Amortization expense	\$ 327	\$ 676	\$ 1,281
Impairment charges	\$ 3	\$ 16	\$ 523

Amortization expense related to Intangible assets, net is estimated to be approximately \$300 million in each of the next five years.

As a result of our strategic assessment of GM India we recorded impairment charges of \$48 million in GMIO in the year ended December 31, 2013 to adjust the carrying amounts of Intangible assets, net, primarily favorable contract intangibles, to fair value of \$0 because of a lack of economic support associated with GM India's declining operations. These charges were recorded primarily in Automotive cost of sales.

We recorded impairment charges of \$264 million in GMIO in the year ended December 31, 2013 to adjust the carrying amounts of Intangible assets, net, primarily dealer network intangibles related to the Chevrolet network in Europe, to fair value of \$0 because we are winding down the dealer network in 2014 and we expect to incur losses during the wind-down period. These charges were recorded in Automotive cost of sales. Refer to Note 17 for additional information on the withdrawal of the Chevrolet brand from Europe.

Note 10. 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 by GM Financial to the VIEs (Securitized Assets). GM Financial holds variable interests in the VIEs that could potentially be significant to the VIEs. GM Financial determined that it is the primary beneficiary of the SPEs because: (1) the servicing responsibilities for the Securitized Assets give GM Financial the power to direct the activities that most significantly impact the performance of the VIEs; and (2) the variable interests in the VIEs give GM Financial the obligation to absorb losses and the right to receive residual returns that could potentially be significant. The assets of the VIEs serve as the sole source of repayment for the debt issued by these entities. Investors in the notes issued by the VIEs do not have recourse to GM Financial or its other assets, with the exception of customary representation and warranty repurchase provisions and indemnities that GM Financial provides as the servicer. GM Financial is not required and does not currently intend to provide additional financial support to these SPEs. While these subsidiaries are included in GM Financial's 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.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	December 31, 2015	December 31, 2014
Restricted cash — current	\$ 1,345	\$ 1,110
Restricted cash — non-current	\$ 531	\$ 611
GM Financial receivables, net — current	\$ 12,224	\$ 11,134
GM Financial receivables, net — non-current	\$ 12,597	\$ 11,583
GM Financial equipment on operating leases, net	\$ 11,684	\$ 4,595
GM Financial short-term debt and current portion of long-term debt	\$ 13,545	\$ 10,502
GM Financial long-term debt	\$ 15,841	\$ 12,292

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 Securitized Assets.

Note 11. Accrued Liabilities and Other Liabilities

The following table summarizes the components of Accrued liabilities and Other liabilities (dollars in millions):

	December 31, 2015	December 31, 2014
Current		
Dealer and customer allowances, claims and discounts	\$ 8,076	\$ 8,035
Deposits primarily from rental car companies	5,051	6,089
Deferred revenue	2,227	1,622
Product warranty and related liabilities	3,487	3,582
Payrolls and employee benefits excluding postemployment benefits	2,378	2,144
Other	6,623	6,712
Total accrued liabilities	\$ 27,842	\$ 28,184
Non-current		
Deferred revenue	\$ 2,007	\$ 1,556
Product warranty and related liabilities	5,792	6,064
Employee benefits excluding postemployment benefits	896	1,049
Postemployment benefits including facility idling reserves	833	1,259
Other	3,058	4,154
Total other liabilities	\$ 12,586	\$ 14,082

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

	Years Ended December 31,		
	2015	2014	2013
Balance at beginning of period	\$ 9,646	\$ 7,601	\$ 7,633
Warranties issued and assumed in period — recall campaigns and courtesy transportation	986	2,910	640
Warranties issued and assumed in period — policy and product warranty	2,325	2,540	2,757
Payments	(3,987)	(4,326)	(3,240)
Adjustments to pre-existing warranties	588	1,187	49
Effect of foreign currency and other	(279)	(266)	(238)
Balance at end of period	\$ 9,279	\$ 9,646	\$ 7,601

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with ongoing comprehensive safety reviews, engineering analysis and our overall commitment to customer satisfaction we have experienced an increase in costs associated with repairs and courtesy transportation for vehicles subject to recalls. During the three months ended September 30, 2014 we began accruing the costs for recall campaigns at the time of vehicle sale in GMNA, which resulted in a charge due to a change in estimate for previously sold vehicles of \$0.9 billion recorded in the three months ended June 30, 2014. We had historically accrued estimated costs related to recall campaigns in GMNA when probable and reasonably estimable, which typically occurs once it is determined a specific recall campaign is needed and announced.

Note 12. Short-Term and Long-Term Debt

Automotive

The following table summarizes the components of our short-term and long-term debt (dollars in millions):

	December 31, 2015	December 31, 2014
Secured debt	\$ 220	\$ 237
Unsecured debt	7,619	8,145
Capital leases	926	968
Total automotive debt(a)	<u>\$ 8,765</u>	<u>\$ 9,350</u>
Fair value utilizing Level 1 inputs	\$ 6,972	\$ 7,550
Fair value utilizing Level 2 inputs — a discounted cash flow model	2,116	2,249
Fair value of automotive debt	<u>\$ 9,088</u>	<u>\$ 9,799</u>
Available under credit facility agreements	\$ 12,168	\$ 12,026
Interest rate range on outstanding debt(b)	0.0-18.0%	0.0-18.0%
Weighted-average interest rate on outstanding short-term debt(b)	9.6%	6.4%
Weighted-average interest rate on outstanding long-term debt(b)	4.7%	4.3%

(a) Includes net discount and debt issuance costs of \$549 million and \$741 million at December 31, 2015 and 2014.

(b) Includes coupon rates on debt denominated in various foreign currencies and interest free loans.

The observable inputs of the discounted cash flow model included 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.

Revolving Credit Facilities

We received an investment grade corporate rating from Moody's in September 2013 and from S&P in September 2014 which allowed the release of the collateral securing our \$11.0 billion revolving credit facilities under their terms.

In October 2014 we amended our two primary revolving credit facilities, increasing our aggregate borrowing capacity from \$11.0 billion to \$12.5 billion. These facilities consist of a three-year, \$5.0 billion facility and a five-year, \$7.5 billion facility. Both facilities are available to the Company as well as certain wholly-owned subsidiaries, including GM Financial. The three-year, \$5.0 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of \$2.0 billion, a letter of credit sub-facility of \$1.6 billion and a Brazilian Real sub-facility of \$305 million. The five-year, \$7.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of \$2.0 billion, a letter of credit sub-limit of \$500 million and a Brazilian Real sub-facility of \$195 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The revolving credit facilities contain representations, warranties and covenants that are typical for these types of facilities. The facilities also require us to maintain at least \$4.0 billion in global liquidity and at least \$2.0 billion in U.S. liquidity and to guarantee any borrowings by our subsidiaries. If we fail to maintain an investment grade corporate rating from two or more of the credit rating agencies Fitch, Moody's and S&P, we will be required to provide guarantees from certain domestic subsidiaries under the terms of the facilities. Interest rates on obligations under the revolving credit facilities are based on prevailing annual interest rates for Eurodollar loans or an alternative base rate, plus an applicable margin.

Senior Unsecured Notes

In November 2014 we issued \$2.5 billion in aggregate principal amount of senior unsecured notes comprising \$500 million of 4.0% notes due in 2025, \$750 million of 5.0% notes due in 2035 and \$1.25 billion of 5.2% notes due in 2045. 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. These notes contain terms and covenants customary of these types of securities including limitations on the amount of certain secured debt we may issue.

Extinguishment of Debt

In the years ended December 31, 2015 and 2014 we prepaid and retired debt obligations with a total carrying amount of \$538 million and \$325 million which primarily represented unsecured debt in Brazil and recorded a net gain on extinguishment of debt of \$449 million and \$202 million. In the year ended December 31, 2013 we prepaid and retired debt obligations with a total carrying amount of \$1.8 billion which primarily represented the unamortized debt discount on GM Korea mandatorily redeemable preferred shares and recorded a net loss on extinguishment of debt of \$212 million.

Automotive Financing — GM Financial

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

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Secured debt	\$ 30,689	\$ 30,671	\$ 25,173	\$ 25,228
Unsecured debt	23,657	23,726	12,142	12,479
Total GM Financial debt	<u>\$ 54,346</u>	<u>\$ 54,397</u>	<u>\$ 37,315</u>	<u>\$ 37,707</u>
Fair value utilizing Level 2 inputs — identical and similar instruments		\$ 48,716		\$ 32,790
Fair value utilizing Level 3 inputs		\$ 5,681		\$ 4,917

For debt that has terms of one year or less or has been priced within the last six months, the carrying amount or par value is considered to be a reasonable estimate of fair value. The fair value of debt measured utilizing Level 3 inputs was based on the discounted future net cash flows expected to be settled using current risk-adjusted rates.

Secured Debt

Most of the secured debt was issued by VIEs and is repayable only from proceeds related to the underlying pledged finance receivables and leases. Refer to Note 10 for additional information on GM Financial's involvement with VIEs. Secured debt consists of revolving credit facilities and securitization notes payable. The weighted-average interest rate on secured debt was 1.99% at December 31, 2015.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The revolving credit facilities have maturity dates over periods ranging up to six years. At the end of the revolving period, if not renewed, the debt will amortize over a defined period. GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain secured credit facilities. In the year ended December 31, 2015 GM Financial entered into new or renewed credit facilities with substantially the same terms as existing debt and a total net additional borrowing capacity of \$5.2 billion.

Securitization notes payable at December 31, 2015 are due beginning in 2016 through 2023. In the year ended December 31, 2015 GM Financial issued securitization notes payable of \$14.3 billion.

Unsecured Debt

Unsecured debt consists of senior notes, credit facilities and other unsecured debt. Senior notes outstanding at December 31, 2015 are due beginning in 2016 through 2025 and have a weighted-average interest rate of 3.37%. In the year ended December 31, 2015 GM Financial issued the following notes:

- \$2.25 billion in aggregate principal amount of senior notes issued in January comprising \$1.0 billion of 3.15% notes due in January 2020, \$1.0 billion of 4.0% notes due in January 2025 and \$250 million of floating rate notes due in January 2020;
- Euro 650 million of 0.85% term notes issued in February and due in February 2018;
- \$2.4 billion in aggregate principal amount of senior notes issued in April comprising \$850 million of 2.4% notes due in April 2018, \$1.25 billion of 3.45% notes due in April 2022 and \$300 million of floating rate notes due in April 2018;
- CAD \$500 million of 3.08% senior notes issued in May and due in May 2020;
- \$2.3 billion in aggregate principal amount of senior notes issued in July comprising \$1.5 billion of 3.2% notes due in July 2020 and \$800 million of 4.3% notes due in July 2025;
- \$1.75 billion in aggregate principal amount of senior notes issued in October comprising \$1.5 billion of 3.1% notes due in January 2019 and \$250 million of floating rate notes due in January 2019; and
- \$1.0 billion of 3.7% senior notes issued in November and due in November 2020.

In the three months ended September 30, 2015 GM Financial began accepting deposits from retail banking customers in Germany. At December 31, 2015 the outstanding balance of these deposits was \$1.3 billion, of which 44% were overnight deposits, and had a weighted-average interest rate of 1.25%.

The terms of advances on revolving credit facilities and other unsecured debt have original maturities of up to five years. The weighted-average interest rate on credit facilities and other unsecured debt was 8.72% at December 31, 2015.

Consolidated

Interest Expense

The following table summarizes interest expense (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Automotive	\$ 443	\$ 403	\$ 334
Automotive Financing — GM Financial	1,616	1,426	715
Total interest expense	<u>\$ 2,059</u>	<u>\$ 1,829</u>	<u>\$ 1,049</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Debt Maturities

The following table summarizes contractual maturities including capital leases at December 31, 2015 (dollars in millions):

	<u>Automotive</u>	<u>Automotive Financing(a)</u>	<u>Total</u>
2016	\$ 816	\$ 18,793	\$ 19,609
2017	514	12,822	13,336
2018	1,621	9,147	10,768
2019	103	4,285	4,388
2020	70	4,427	4,497
Thereafter	6,190	5,050	11,240
	<u>\$ 9,314</u>	<u>\$ 54,524</u>	<u>\$ 63,838</u>

(a) Secured debt, credit facilities and other unsecured debt are based on expected payoff date. Senior notes principal amounts are based on maturity.

At December 31, 2015 future interest payments on automotive capital lease obligations were \$388 million. GM Financial had no capital lease obligations at December 31, 2015.

Compliance with Debt Covenants

Several of our loan facilities, including our revolving credit facilities, require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Some of GM Financial's secured and unsecured debt agreements also contain various covenants, including maintaining portfolio performance ratios as well as limits on deferment levels. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability or GM Financial's ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2015.

Note 13. Pensions and Other Postretirement Benefits

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. Accrual of defined pension benefits ceased in 2012 for U.S. and Canadian salaried employees. There is also an unfunded nonqualified pension plan covering primarily U.S. executives for service prior to January 1, 2007 and it is based on an "excess plan" for service after that date.

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable laws and regulations or to directly pay benefit payments where appropriate. At December 31, 2015 all legal funding requirements had been met. We expect to contribute \$71 million to our U.S. non-qualified plans and \$947 million to our non-U.S.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

pension plans in 2016. We also expect to make a discretionary contribution of \$2.0 billion to our U.S. hourly pension plan by mid-2016 which is expected to be financed by debt. The following table summarizes contributions made to the defined benefit pension plans (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
U.S. hourly and salaried	\$ 95	\$ 143	\$ 128
Non-U.S.	1,120	770	886
Total	<u>\$ 1,215</u>	<u>\$ 913</u>	<u>\$ 1,014</u>

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs. We made contributions to the U.S. OPEB plans of \$340 million, \$354 million and \$393 million in the years ended December 31, 2015, 2014 and 2013. Plan participants' contributions were insignificant in the years ended December 31, 2015, 2014 and 2013.

Defined Contribution Plans

We have defined contribution plans for eligible U.S. salaried and hourly employees that provide discretionary matching contributions. Contributions are also made to certain non-U.S. defined contribution plans. We made contributions to our defined contribution plans of \$535 million, \$513 million and \$502 million in the years ended December 31, 2015, 2014 and 2013.

Significant Plan Amendments, Benefit Modifications and Related Events

U.S. Salaried Defined Benefit Life Insurance Plan

In September 2013 we amended the U.S. salaried life insurance plan effective January 1, 2014 to eliminate benefits for retirees and eligible employees retiring on or after August 1, 2009. The remeasurement, settlement and curtailment resulted in a decrease in the OPEB liability of \$319 million, a decrease in the net pre-tax actuarial loss component of Accumulated other comprehensive loss of \$236 million and a pre-tax gain of \$83 million.

U.S. Salaried Defined Benefit Pension Plan

In the year ended December 31, 2012 we provided short-term, interest-free, unsecured loans of \$2.2 billion to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. Through December 31, 2013 contributions of \$1.7 billion were made from the \$2.2 billion loans and the remaining amounts were repaid.

Active salaried plan participants began receiving additional contributions in the defined contribution plan in October 2012. Lump-sum pension distributions in 2013 of \$430 million resulted in a pre-tax settlement gain of \$128 million.

Other Remeasurements

In the three months ended December 31, 2014 the Society of Actuaries issued new mortality and mortality improvement tables that raised life expectancies and thereby indicate the amount of estimated aggregate benefit payments to our U.S. pension plans' participants is increasing. We incorporated these Society of Actuaries mortality and mortality improvement tables into our December 31, 2014 measurement of our U.S. pension plans' benefit obligations. The change in these assumptions increased the December 31, 2014 U.S. pension plans' obligations by \$2.2 billion. The mortality improvement tables issued by the Society of Actuaries in the three months ended December 31, 2015 did not result in any change in our current assumptions used to measure the U.S. pension plans' obligations.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pension and OPEB Obligations and Plan Assets

The following table summarizes the change in benefit obligations and related plan assets (dollars in millions):

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans
	U.S.	Non-U.S.		U.S.	Non-U.S.	
Change in benefit obligations						
Beginning benefit obligation	\$ 76,724	\$ 27,897	\$ 6,625	\$ 71,480	\$ 27,528	\$ 6,348
Service cost	272	405	24	247	358	23
Interest cost	2,754	763	238	3,060	1,031	273
Actuarial (gains) losses	(2,623)	(256)	(209)	7,770	3,179	448
Benefits paid	(5,641)	(1,332)	(407)	(5,779)	(1,699)	(426)
Foreign currency translation adjustments	—	(3,332)	(225)	—	(2,536)	(108)
Curtailments, settlements and other	—	(382)	20	(54)	36	67
Ending benefit obligation	71,486	23,763	6,066	76,724	27,897	6,625
Change in plan assets						
Beginning fair value of plan assets	65,823	14,669	—	64,166	14,986	—
Actual return on plan assets	795	997	—	7,346	1,893	—
Employer contributions	95	1,120	385	143	770	402
Benefits paid	(5,641)	(1,332)	(407)	(5,779)	(1,699)	(426)
Foreign currency translation adjustments	—	(2,017)	—	—	(1,232)	—
Settlements and other	—	(447)	22	(53)	(49)	24
Ending fair value of plan assets	61,072	12,990	—	65,823	14,669	—
Ending funded status	\$ (10,414)	\$ (10,773)	\$ (6,066)	\$ (10,901)	\$ (13,228)	\$ (6,625)
Amounts recorded in the consolidated balance sheets						
Non-current assets	\$ —	\$ 125	\$ —	\$ —	\$ 111	\$ —
Current liabilities	(67)	(334)	(381)	(69)	(383)	(396)
Non-current liabilities	(10,347)	(10,564)	(5,685)	(10,832)	(12,956)	(6,229)
Net amount recorded	\$ (10,414)	\$ (10,773)	\$ (6,066)	\$ (10,901)	\$ (13,228)	\$ (6,625)
Amounts recorded in Accumulated other comprehensive loss						
Net actuarial gain (loss)	\$ 116	\$ (3,796)	\$ (689)	\$ 452	\$ (5,019)	\$ (942)
Net prior service (cost) credit	31	(33)	63	35	(57)	88
Total recorded in Accumulated other comprehensive loss	\$ 147	\$ (3,829)	\$ (626)	\$ 487	\$ (5,076)	\$ (854)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the total accumulated benefit obligations (ABO), the ABO and fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	December 31, 2015		December 31, 2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
ABO	\$ 71,475	\$ 23,388	\$ 76,702	\$ 27,425
Plans with ABO in excess of plan assets				
ABO	\$ 71,475	\$ 22,683	\$ 76,702	\$ 26,510
Fair value of plan assets	\$ 61,072	\$ 12,160	\$ 65,823	\$ 13,638
Plans with PBO in excess of plan assets				
PBO	\$ 71,486	\$ 23,052	\$ 76,724	\$ 26,935
Fair value of plan assets	\$ 61,072	\$ 12,170	\$ 65,823	\$ 13,643

The following table summarizes the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Year Ended December 31, 2015			Year Ended December 31, 2014			Year Ended December 31, 2013		
	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans
	U.S.	Non-U.S.		U.S.	Non-U.S.		U.S.	Non-U.S.	
Components of expense									
Service cost	\$ 406	\$ 431	\$ 24	\$ 380	\$ 389	\$ 23	\$ 395	\$ 425	\$ 37
Interest cost	2,754	763	238	3,060	1,031	273	2,837	1,010	274
Expected return on plan assets	(3,896)	(798)	—	(3,914)	(873)	—	(3,562)	(823)	—
Amortization of prior service cost (credit)	(4)	15	(14)	(4)	17	(16)	(4)	19	(130)
Amortization of net actuarial (gains) losses	8	233	37	(91)	154	8	6	208	91
Curtailments, settlements and other(a)	—	124	—	(1)	3	—	(77)	(6)	(62)
Net periodic pension and OPEB (income) expense	\$ (732)	\$ 768	\$ 285	\$ (570)	\$ 721	\$ 288	\$ (405)	\$ 833	\$ 210
Weighted-average assumptions used to determine benefit obligations									
Discount rate	4.06%	3.20%	4.13%	3.73%	3.14%	3.83%	4.46%	4.10%	4.56%
Rate of compensation increase(b)	N/A	2.79%	4.21%	N/A	2.85%	4.21%	N/A	2.90%	4.21%
Weighted-average assumptions used to determine net expense									
Discount rate	3.73%	3.15%	3.83%	4.46%	4.10%	4.56%	3.59%	3.69%	3.75%
Expected rate of return on plan assets	6.38%	6.23%	N/A	6.53%	6.28%	N/A	5.77%	5.70%	N/A
Rate of compensation increase(b)	N/A	2.85%	4.21%	N/A	2.90%	4.21%	N/A	2.77%	4.46%

(a) The curtailment charges recorded in the year ended December 31, 2015 were due primarily to the GM Canada hourly pension plan that was remeasured as a result of a voluntary separation program.

(b) As a result of ceasing the accrual of additional benefits for salaried plan participants, the rate of compensation increase does not have a significant effect on our U.S. pension and OPEB plans.

U.S. pension plan service cost includes administrative expenses of \$134 million, \$133 million and \$97 million in the years ended December 31, 2015, 2014 and 2013. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements. Non-U.S. pension plan administrative expenses included in service cost were insignificant in the years ended December 31, 2015, 2014 and 2013.

Estimated amounts to be amortized from Accumulated other comprehensive loss into net periodic benefit cost in the year ending December 31, 2016 based on December 31, 2015 plan measurements are \$172 million, consisting primarily of amortization of the net actuarial loss in the non-U.S. pension plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assumptions

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies are conducted by our internal asset management group and outside actuaries and are used to determine the long-term strategic mix among asset classes, risk mitigation strategies and the expected long-term return on asset assumptions for the U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance and risk of the individual asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent plan performance and historical returns, the expected long-term return on plan asset assumptions are determined based on long-term prospective rates of return.

We continue to pursue various options to fund and derisk our pension plans, including continued changes to the pension asset portfolio mix to reduce funded status volatility. The strategic asset mix and risk mitigation strategies for the plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs and regulatory requirements. Consequently there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among plans, each investment strategy is considered to be appropriate in the context of the specific factors affecting each plan.

In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the competing objectives of improving funded positions (market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

Derivatives may be used to provide cost effective solutions for rebalancing investment portfolios, increasing or decreasing exposure to various asset classes and for mitigating risks, primarily interest rate and currency risks. Equity and fixed income managers are permitted to utilize derivatives as efficient substitutes for traditional physical securities. Interest rate derivatives may be used to adjust portfolio duration to align with a plan's targeted investment policy. Alternative investment managers are permitted to employ leverage, including through the use of derivatives, which may alter economic exposure.

In December 2015 an investment policy study was completed for the U.S. pension plans. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets decreased from 6.4% at December 31, 2014 to 6.3% at December 31, 2015. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

Target Allocation Percentages

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	December 31, 2015		December 31, 2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity	14%	21%	16%	27%
Debt	62%	50%	60%	47%
Other(a)	24%	29%	24%	26%
Total	100%	100%	100%	100%

(a) Primarily includes private equity, real estate and absolute return strategies which mainly consist of hedge funds.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assets and Fair Value Measurements

The following tables summarize the fair value of U.S. and non-U.S. defined benefit pension plan assets by asset class (dollars in millions):

	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
U.S. Pension Plan Assets								
Common and preferred stocks	\$ 7,637	\$ 18	\$ 8	\$ 7,663	\$ 10,033	\$ 30	\$ 3	\$ 10,066
Government and agency debt securities(a)	—	14,318	—	14,318	—	16,143	—	16,143
Corporate and other debt securities	—	22,963	1	22,964	—	22,725	83	22,808
Other investments, net	466	130	472	1,068	662	(180)	711	1,193
Net plan assets subject to leveling	<u>\$ 8,103</u>	<u>\$ 37,429</u>	<u>\$ 481</u>	<u>46,013</u>	<u>\$ 10,695</u>	<u>\$ 38,718</u>	<u>\$ 797</u>	<u>50,210</u>
Plan assets measured at net asset value								
Investment funds				6,321				6,172
Private equity and debt investments				4,529				5,347
Real estate investments				3,828				3,525
Total plan assets measured at net asset value				14,678				15,044
Other plan assets, net(b)				381				569
Net plan assets				<u>\$ 61,072</u>				<u>\$ 65,823</u>
	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-U.S. Pension Plan Assets								
Common and preferred stocks	\$ 1,079	\$ 1	\$ 1	\$ 1,081	\$ 1,959	\$ 3	\$ —	\$ 1,962
Government and agency debt securities(a)	—	3,258	—	3,258	—	3,614	—	3,614
Corporate and other debt securities	—	1,953	1	1,954	—	1,986	—	1,986
Other investments, net	47	47	642	736	138	46	726	910
Net plan assets subject to leveling	<u>\$ 1,126</u>	<u>\$ 5,259</u>	<u>\$ 644</u>	<u>7,029</u>	<u>\$ 2,097</u>	<u>\$ 5,649</u>	<u>\$ 726</u>	<u>8,472</u>
Plan assets measured at net asset value								
Investment funds				4,475				4,440
Private equity and debt investments				529				509
Real estate investments				1,095				1,262
Total plan assets measured at net asset value				6,099				6,211
Other plan assets (liabilities), net(b)				(138)				(14)
Net plan assets				<u>\$ 12,990</u>				<u>\$ 14,669</u>

(a) Includes U.S. and sovereign government issues.

(b) Cash held by the plans, net of amounts receivable/payable for unsettled security transactions and payables for investment manager fees, custody fees and other expenses.

The activity attributable to U.S. and non-U.S. Level 3 defined benefit pension plan investments was insignificant in the years ended December 31, 2015 and 2014.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Alternative Investment Strategies

Investment funds consist primarily of funds of hedge funds, equity funds and fixed income funds. Funds of hedge funds managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers. Equity funds invest in U.S. common and preferred stocks as well as similar equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Fixed income funds include investments in high quality funds and to a lesser extent, high yield funds. High quality fixed income funds invest in government securities, investment-grade corporate bonds and mortgage and asset-backed securities. High yield fixed income funds invest in high yield fixed income securities issued by corporations which are rated below investment grade. Other investment funds also included in this category primarily represent multi-strategy funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments.

Private equity and debt investments primarily consist of investments in private equity and debt funds. These investments provide exposure to and benefit from long-term equity investments in private companies, including leveraged buy-outs, venture capital and distressed debt strategies.

Real estate investments include funds that invest in entities which are primarily engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Significant Concentrations of Risk

The assets of the pension plans include certain investment funds, private equity and debt investments and real estate investments. Investment managers may be unable to quickly sell or redeem some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held by the plans are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

The pension plans may invest in financial instruments denominated in foreign currencies and may be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the foreign currency denominated assets or liabilities. Forward currency contracts may be used to manage and mitigate foreign currency risk.

The pension plans may invest in debt securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. Interest rate swaps and other financial derivative instruments may be used to manage interest rate risk.

Pension Funding Requirements

Based on our current assumptions, we expect no significant mandatory contributions to our U.S. qualified pension plans for the next five years; however, we expect mandatory contributions totaling \$2.1 billion to our Canada and United Kingdom pension plans over the next five years.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Benefit Payments

Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents. The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits		Other Benefits
	U.S. Plans	Non-U.S. Plans	Global Plans
2016	\$ 5,636	\$ 1,464	\$ 384
2017	\$ 5,383	\$ 1,335	\$ 376
2018	\$ 5,228	\$ 1,264	\$ 367
2019	\$ 5,098	\$ 1,258	\$ 361
2020	\$ 4,979	\$ 1,255	\$ 357
2021-2025	\$ 22,874	\$ 6,060	\$ 1,745

Note 14. Derivative Financial Instruments

Automotive

At December 31, 2015 and 2014 our derivative instruments consisted primarily of options and forward contracts primarily related to foreign currency. We had derivative instruments in asset positions with notional amounts of \$7.2 billion and \$8.8 billion and liability positions with notional amounts of \$264 million and \$953 million at December 31, 2015 and 2014. The fair value of these derivative instruments was insignificant. In 2015 we designated certain foreign currency forward contracts as cash flow hedges. The notional amounts of these designated instruments were insignificant at December 31, 2015.

Automotive Financing — GM Financial

GM Financial had interest rate swaps and caps and foreign currency swaps in asset positions with notional amounts of \$11.9 billion and \$5.4 billion and liability positions with notional amounts of \$13.9 billion and \$8.5 billion at December 31, 2015 and 2014. The fair value of these derivative financial instruments was insignificant. In 2015 GM Financial designated certain interest rate swaps as fair value hedges of fixed rate debt with notional amounts of \$1.0 billion at December 31, 2015.

Note 15. Commitments and Contingencies

The following table summarizes information related to the liabilities recorded for Commitments and contingencies (dollars in millions):

	December 31, 2015	December 31, 2014
Litigation-related liability and tax administrative matters	\$ 1,155	\$ 1,000
Product liability	\$ 712	\$ 732
Ignition Switch Recall compensation program	\$ 66	\$ 315
Credit card programs(a)		
Redemption liability — recorded in Accrued liabilities	\$ 115	\$ 87
Deferred revenue — recorded in Other liabilities	\$ 258	\$ 263
Environmental liability	\$ 124	\$ 133
Guarantees	\$ 72	\$ 88

(a) Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles. At December 31, 2015 and 2014 qualified cardholders had rebates available, net of deferred program revenue, of \$2.0 billion and \$2.3 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Litigation-Related Liability and Tax Administrative Matters

In the normal course of business we are named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, that arise in connection with our business as a global company. We identify below the material individual proceedings and investigatory activity in connection with which we believe a material loss is reasonably possible or probable.

With regard to the various legal matters we have established reserves for matters for which we believe that losses are probable and can be reasonably estimated. In many proceedings, however, 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 it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our consolidated financial position, results of operations or cash flows in any particular reporting period. Reserves for losses deemed probable and reasonably estimable are recorded in Accrued liabilities and Other liabilities.

Proceedings Related to Ignition Switch and Other Recalls

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

Through January 27, 2016 we were aware of 100 putative class actions pending against GM in various federal and state trial courts in the U.S. alleging that consumers who purchased or leased vehicles manufactured by GM or General Motors Corporation had been economically harmed by one or more of the recalls announced in 2014 and/or the underlying vehicle conditions associated with those recalls (economic-loss cases). Additionally through January 27, 2016 we were aware of 21 putative class actions pending in various Provincial Courts in Canada seeking relief similar to that sought in the economic-loss cases in the U.S. In the aggregate these economic-loss cases seek recovery for purported compensatory damages, such as alleged diminution in value of the vehicles, as well as punitive damages, injunctive relief and other relief. There are also two civil actions brought by state governmental entities relating to the 2014 recalls that seek injunctive relief as well as economic damages and attorneys’ fees for alleged violations of state consumer protection statutes.

Through January 27, 2016 we were aware of 235 actions pending in various federal and state trial courts in the U.S. against GM alleging injury or death as a result of defects that may be the subject of recalls announced in 2014 (personal injury cases). Additionally through January 27, 2016 we were aware of nine actions pending in various Provincial Courts in Canada seeking relief similar to that sought in the personal injury cases in the U.S. In general, these personal injury cases seek recovery for purported compensatory damages, punitive damages and other relief.

Since June 2014 the United States Judicial Panel on Multidistrict Litigation (JPML) has issued orders from time to time directing that certain pending economic-loss and personal injury federal lawsuits involving faulty or allegedly faulty ignition switches or other defects that may be related to the recalls announced in the year ended December 31, 2014 be transferred to, and consolidated in, a single federal court, the Southern District of New York (the multidistrict litigation). Through January 27, 2016 the JPML has transferred 262 pending cases to, and consolidated them with, the multidistrict litigation. At the court’s suggestion, the parties to the multidistrict litigation engage from time to time in discussions of possible mechanisms to resolve pending litigation. As described below, on September 17, 2015 we announced that we had reached a memorandum of understanding with certain personal injury claimants regarding possible settlement of their claims.

Because many plaintiffs in the actions described in the above paragraphs are suing over the conduct of General Motors Corporation or vehicles manufactured by that entity for liabilities not expressly assumed by GM, we moved to enforce the terms of the July 2009 Sale Order and Injunction issued by the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court) to

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

preclude claims from being asserted against us for, among other things, personal injuries based on pre-sale accidents, any economic-loss claims based on acts or conduct of General Motors Corporation and claims asserting successor liability for obligations owed by General Motors Corporation (successor liability claims). On April 15, 2015 the Bankruptcy Court issued a Decision precluding claims against us based upon pre-sale accidents, claims based upon the acts or conduct by General Motors Corporation and successor liability claims, except for claims asserting liabilities that had been expressly assumed by us in the July 2009 Sale Agreement and claims that could be asserted against us only if they were otherwise viable and arose solely out of our own independent post-closing acts and did not in any way rely on acts or conduct by General Motors Corporation. Plaintiffs have appealed the Bankruptcy Court's decision and we have cross appealed with respect to certain issues to preserve our rights. The United States Court of Appeals for the Second Circuit (Second Circuit) has accepted a direct appeal of the matter and the parties have briefed the appeal pursuant to an expedited schedule set by the Second Circuit. Oral argument is scheduled for March 15, 2016. In addition on December 4, 2015 the Bankruptcy Court issued a judgment regarding certain issues left unresolved by the April 15, 2015 decision including the extent to which punitive damages could be asserted against GM based on claims involving vehicles manufactured by General Motors Corporation. Various groups of plaintiffs have appealed that decision to the district court overseeing the multidistrict litigation.

In the putative shareholder class action filed in the United States District Court for the Eastern District of Michigan (Shareholder Class Action), the court appointed the New York State Teachers' Retirement System as the lead plaintiff. On January 15, 2015 the New York State Teachers' Retirement System filed a Consolidated Class Action Complaint against GM and several current and former officers and employees (Defendants) on behalf of purchasers of our common stock from November 17, 2010 to July 24, 2014. The Consolidated Class Action Complaint alleges that Defendants made material misstatements and omissions relating to problems with the ignition switch and other matters in SEC filings and other public statements. On September 17, 2015 we announced that we had entered into a binding term sheet regarding settlement of this matter. On November 20, 2015 the district court granted its preliminary approval of the settlement and has scheduled a final settlement fairness hearing for April 20, 2016.

With regard to the shareholder derivative actions, the two shareholder derivative actions pending in the United States District Court for the Eastern District of Michigan have been consolidated and all proceedings, including those related to the motion to dismiss we filed in that court in October 2014, remain suspended pending disposition of the parallel action being litigated in Delaware Chancery Court. With regard to that pending litigation in Delaware Chancery Court, the four shareholder derivative actions pending in that court were consolidated and plaintiffs filed an amended consolidated complaint on October 13, 2014. On June 26, 2015 the Delaware Chancery Court granted our motion to dismiss the amended consolidated complaint. Plaintiffs have appealed that decision to the Delaware Supreme Court, which has set oral argument for February 10, 2016. With regard to the two derivative actions filed in the Circuit Court of Wayne County, Michigan, those actions have been consolidated and remain stayed pending disposition of the federal derivative actions.

In connection with the 2014 recalls, various investigations, inquiries and complaints have been received from the United States Attorney's Office for the Southern District of New York (the Office), Congress, the SEC, Transport Canada and 50 state attorneys general. In connection with the foregoing we have received subpoenas and requests for additional information and we have participated in discussions with various governmental authorities. On June 3, 2015 we received notice of an investigation by the Federal Trade Commission concerning certified pre-owned vehicle advertising where dealers had certified vehicles that allegedly needed recall repairs. We believe we are cooperating fully with all requests for information in ongoing investigations. Such matters could in the future result in the imposition of material damages, fines, civil consent orders, civil and criminal penalties or other remedies.

As described more specifically below, substantial activity took place during the six months ended December 31, 2015 that resulted in total or partial resolution of several matters including the recognition of additional liabilities for such matters.

First, with regard to the investigation by the Office, without prior notice, the Office approached us during the three months ended September 30, 2015 with a specific proposal. We accepted the proposal on September 16, 2015 and entered into the DPA with the Office regarding its investigation of the events leading up to certain recalls regarding faulty ignition switches announced in February and March 2014. Under the DPA we consented to the filing of a two-count information (the Information) in the U.S. District Court for

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the Southern District of New York (the Court) charging GM with: (1) a scheme to conceal material facts from a government regulator, in violation of Title 18, United States Code, Section 1001; and (2) wire fraud, in violation of Title 18, United States Code, Section 1343. We have pled not guilty to the charges alleged in the Information. Under the DPA we agreed to pay the United States \$900 million as a financial penalty. Prior to the three months ended September 30, 2015 there had been little to no discussions concerning potential resolution of the matter such that no possible range of potential liability could be determined. Payment was made in the three months ended September 30, 2015.

Pursuant to the DPA, the Office agreed to recommend to the Court that prosecution of GM on the Information be deferred for three years. The Office also agreed that if we are in compliance with all of our obligations under the DPA, the Office will, within 30 days after the expiration of the period of deferral (including any extensions thereto), seek dismissal with prejudice of the Information filed against GM. The DPA further provides that, in the event the Office determines during the period of deferral of prosecution (or any extensions thereof) that we have violated any provision of the DPA, the Office may, in its discretion, either prosecute GM on the charges alleged in the Information or impose an extension of the period of deferral of prosecution of up to one additional year, but in no event will the total term of the deferral-of-prosecution period under the DPA exceed four years.

In the DPA, we also agreed to retain an independent monitor (the 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. The Monitor's authority will extend for a period of three years. The Office has the authority to lengthen the Monitor's term for up to one year if the Office determines we have violated the DPA. Likewise, the Office may shorten the Monitor's term if the Office determines that a monitor is no longer necessary. We are required to pay the compensation and expenses of the Monitor and of the persons hired under his or her authority. The Monitor commenced his term in October 2015.

Second, with regard to the Shareholder Class Action described previously, prior to the three months ended September 30, 2015 there had been no discussions concerning potential resolution of the matter such that no possible range of potential liability could be determined. During the three months ended September 30, 2015 the parties both commenced and reached a proposed settlement of the lawsuit. On September 17, 2015 we announced we had entered into a binding term sheet for the settlement of the Shareholder Class Action described above for \$300 million. The court entered preliminary approval of the settlement on November 20, 2015 and has set a final settlement fairness hearing for April 20, 2016.

Third, in the three months ended September 30, 2015 GM and attorneys representing certain personal injury claimants in the multidistrict litigation engaged in substantive settlement discussions in which an agreement was reached as to both material financial and non-financial terms. On September 17, 2015 we announced we had reached a memorandum of understanding regarding a \$275 million settlement that could potentially cover approximately 1,400 personal injury claimants who have lawsuits pending in the multidistrict litigation or who have otherwise asserted claims related to the Ignition Switch Recall or certain other recalls announced in 2014. Prior to the three months ended September 30, 2015 the parties had a substantial gap in their respective positions on financial issues such that no possible range of potential liability could be determined pursuant to the applicable accounting standard. Further, prior to the three months ended September 30, 2015 the parties had also either not engaged in meaningful discussions concerning material non-financial issues necessary for any agreement or had opposing positions on these issues. In December 2015 the court overseeing the multidistrict litigation established a qualified settlement fund and appointed a special master to administer certain facets of the settlement pursuant to the terms of the memorandum of understanding. The special master commenced his work in the three months ended December 31, 2015 and his work continues.

In the three months ended September 30, 2015 we recorded charges of approximately \$1.5 billion in Automotive selling, general and administrative expense in Corporate as a result of the DPA financial penalty and the settlements of the Shareholder Class Action and the multidistrict litigation and other litigation associated with the ignition switch recalls described previously. These charges were treated as adjustments for EBIT-adjusted reporting purposes.

We believe it is probable that we will incur additional liabilities with regard to at least a portion of the remaining investigations, claims, and/or litigation relating to the ignition switch recalls and other related recalls, whether through settlement or judgment. With

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

regard to pending personal injury claims, we have concluded from our analysis of available information that an additional \$90 million in liability is probable beyond what has already been accrued. The related charges were recorded in Automotive selling, general and administrative expense in Corporate and treated as adjustments for EBIT-adjusted reporting purposes in the three months ended December 31, 2015. The total amount accrued at December 31, 2015 represents a combination of our best estimates and, where no such estimate is determinable, our estimate of the low end of the range of probable loss with regard to such claims. The ultimate resolution of these remaining investigations, claims and/or litigation could have a material adverse effect on our financial position, results of operations or cash flows.

In January 2016 the first of several “bellwether” trials, *Scheuer v. General Motors, LLC*, took place in the multidistrict litigation associated with the ignition switch recalls. On January 22, 2016 a Stipulation of Dismissal was filed by which plaintiff voluntarily dismissed his lawsuit with prejudice. No payment was made to plaintiff. Each bellwether trial will be tried on its facts and the result of any subsequent bellwether trial may be different from this first bellwether trial. Further, this first bellwether trial does not allow us to estimate the possible loss associated with the resolution of the multidistrict litigation. The second bellwether trial is expected to commence in March 2016.

The uncertainties referenced above include the legal theory or the nature of the claims, the complexity of the facts, the results of any investigation or litigation, and the timing of resolution of the investigations or litigation. For example, the appeal from the Bankruptcy Court’s April 2015 decision is currently pending before the Second Circuit (discussed previously), as is the appeal to the district court overseeing the multidistrict litigation from the Bankruptcy Court’s December 2015 judgment. The resolution of these appeals could have a substantial impact on the potential liability of GM for acts or conduct of General Motors Corporation and what claims plaintiffs may pursue against GM in the multidistrict litigation and other courts. Further, there have been little or no discussions to date concerning any potential resolution of the SEC investigation, the state attorneys general’s investigations, the various claims for economic loss, or the claims concerning death or personal injury not covered by the memorandum of understanding, discussed previously. We will continue to consider potential resolution of open matters involving ignition switch recalls and other recalls where it makes sense to do so.

GM Canada Dealers’ Claim

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GM Canada on behalf of a purported class of over 200 former GM Canada dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GM Canada. In May 2009 in the context of the global restructuring of the business and the possibility that GM Canada might be required to initiate insolvency proceedings, GM Canada offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GM Canada dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GM Canada approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GM Canada and that GM Canada failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers’ statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers’ initial pleading makes reference to a claim “not exceeding” CAD \$750 million, without explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GM Canada breached its obligation of “good faith” in offering the wind-down agreements; (2) whether GM Canada interfered with the Plaintiff Dealers’ rights of free association; (3) whether GM Canada 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) whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). A number of former dealers opted out of participation in the litigation, leaving 181 dealers in the certified class. Trial of the class issues was completed in the three months ended December 31, 2014. On July 8, 2015 the Ontario Superior Court dismissed the Plaintiff Dealers’ claim against GM Canada, holding that GM Canada did not breach any common law or statutory obligations toward the class members. The court also dismissed GM Canada’s counterclaim against the Plaintiff Dealers for repayment of the wind-down payments made to them by GM Canada as well as for other relief. All parties have filed notices of appeal. We anticipate that the appeal will be heard in the year ending December 31, 2016.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 that 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 that addressed many of the issues presented in the cases pending against GM Korea and resolved many of them in a manner which we believe is favorable to GM Korea. In particular, while the Supreme Court held that fixed bonuses should be included in the calculation of Ordinary Wages, it also held that claims for retroactive application of this rule would be barred under certain circumstances. On May 29, 2014 the Supreme Court rendered its decision with respect to the case involving the five GM Korea hourly employees and remanded the case to the Seoul High Court consistent with its December 2013 ruling. This case was decided by the Seoul High Court on October 30, 2015 in GM Korea's favor. Plaintiffs appealed to the Supreme Court. In July 2014 GM Korea and its labor union also agreed to include bonuses and certain allowances in Ordinary Wages retroactive to March 1, 2014. Therefore our accrual related to these cases was reclassified from a contingent liability to the Pensions liability. We estimate our reasonably possible loss in excess of amounts accrued to be 585 billion South Korean Won (equivalent to \$499 million) at December 31, 2015, which relates to periods before March 1, 2014. We are also party to litigation with current and former salaried employees over allegations relating to Ordinary Wages regulation. On November 26 and 27, 2015 the Supreme Court remanded two salary cases to the Seoul High Court for a review of the merits. At December 31, 2015 we identified a reasonably possible loss for salary cases in excess of the amounts accrued to be 174 billion South Korean Won (equivalent to \$148 million). Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available. These cases are currently pending before various courts in Korea.

GM Financial Subpoena

In July 2014 GM Financial was served with a subpoena by the U.S. Department of Justice directing GM Financial to produce certain documents relating to the origination and securitization of sub-prime automobile loans by GM Financial and its subsidiaries and affiliates since 2007 in connection with an investigation by the U.S. Department of Justice in contemplation of a civil proceeding for potential violations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Among other matters, the subpoena requests information relating to the underwriting criteria used to originate these automobile loans and the representations and warranties relating to those underwriting criteria that were made in connection with the securitization of the automobile loans. GM Financial was subsequently served with additional investigative subpoenas from state attorneys general and other governmental offices to produce documents relating to its retail automobile loan business and securitization of automobile loans. In October 2014 GM Financial received a document request from the SEC in connection with its investigation into certain practices in sub-prime automobile loan securitization. GM Financial is investigating these matters internally and believes it is cooperating with all requests. These investigations are ongoing and could in the future result in the imposition of damages, fines or civil or criminal claims and/or penalties. No assurance can be given that the ultimate outcome of the investigations or any resulting proceedings would not materially and adversely affect GM Financial or any of its subsidiaries and affiliates.

Other Litigation-Related Liability and Tax Administrative Matters

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow. Escrow deposits may range from \$400 million to \$600 million. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2015. We believe that appropriate accruals have been established for losses that are probable and can be reasonably estimated. For indirect tax matters we estimate our reasonably possible loss in excess of amounts accrued to be up to approximately \$850 million.

Product Liability

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

Ignition Switch Recall Compensation Program

In the three months ended June 30, 2014 we created a compensation program (the Program) for accident victims who died or suffered physical injury (or for their families) as a result of a faulty ignition switch related to the 2.6 million vehicles recalled in the three months ended March 31, 2014. The Program is being administered by an independent program administrator, who established a protocol that defined the eligibility requirements to participate in the Program. The Program accepted claims from August 1, 2014 through January 31, 2015 and received a total of 4,343 claims. The Program completed its claims review process in the three months ended September 30, 2015 and the independent program administrator determined that 399 claims were eligible for payment under the Program. Payments to eligible claimants began in the three months ended December 31, 2014 and will continue through the first quarter of 2016. At January 29, 2016 we had paid 345 eligible claimants \$554 million out of the 362 claimants who accepted offers under the Program. The other 37 accident victims (or their families) chose not to participate in the Program and could pursue litigation against us. Accident victims (or their families) that accept a payment under the Program agree to settle all claims against GM related to the accident.

We recorded a charge of \$400 million in the year ended December 31, 2014 and based on the Program's claims experience we recorded an additional \$195 million in the year ended December 31, 2015. These charges were recorded in Automotive selling, general and administrative expense in Corporate and were treated as adjustments for EBIT-adjusted reporting purposes. Based on currently available information we believe our accrual at December 31, 2015 is adequate to cover the estimated costs under the Program. The following table summarizes the activity for the Program since its inception (dollars in millions):

	Activity
Balance at April 1, 2014	\$ —
Provisions	400
Payments	(85)
Balance at December 31, 2014	315
Provisions	195
Payments	(444)
Balance at December 31, 2015	\$ 66

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Environmental Liability

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. Liabilities have been recorded primarily in Other liabilities for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

The final outcome of environmental matters cannot be predicted with certainty at this time. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. It is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows. At December 31, 2015 we estimate the remediation losses could range from \$100 million to \$210 million.

Guarantees

We enter into indemnification agreements for liability claims involving products manufactured primarily by certain joint ventures. We also provide vehicle repurchase guarantees and payment guarantees on commercial loans outstanding with third parties such as dealers. These guarantees terminate in years ranging from 2016 to 2030 or upon the occurrence of specific events or are ongoing and we believe that the related potential costs incurred are adequately covered by recorded accruals. The maximum liability for these guarantees was \$2.6 billion and \$2.7 billion at December 31, 2015 and 2014, calculated as future undiscounted payments.

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

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

Other Matters

Brazil Excise Tax Incentive

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

Korea Fuel Economy Certification

In 2014 we determined the certified fuel economy ratings on our Cruze 1.8L gasoline vehicles sold in Korea were incorrect. We retested and recertified the Cruze fuel economy ratings which fell below our prior certification and self-reported this issue to local government authorities. We voluntarily announced a customer compensation program for current and previous Cruze owners and recorded an insignificant charge in the three months ended December 31, 2014. In November 2014 the Korean government released new fuel economy certification guidelines. Since then, in accordance with the new guidelines, we have completed retesting and recertification of the Chevrolet Captiva 2.0L and 2.2L diesel vehicles and the Malibu 2.0L gas, 2.4L gas and 2.0 liquefied petroleum

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

gas vehicles. The Captiva 2.0L diesel was subsequently selected for confirmatory testing by the Korean government and was approved. There are no other domestic models in production to be retested and recertified under the new guidelines.

India Tavera Emissions Compliance

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

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having initial terms in excess of one year, primarily for property (dollars in millions):

	2016	2017	2018	2019	2020	Thereafter
Minimum commitments(a)	\$ 284	\$ 232	\$ 202	\$ 178	\$ 137	\$ 385
Sublease income	(55)	(57)	(54)	(52)	(41)	(233)
Net minimum commitments	<u>\$ 229</u>	<u>\$ 175</u>	<u>\$ 148</u>	<u>\$ 126</u>	<u>\$ 96</u>	<u>\$ 152</u>

(a) Certain leases contain escalation clauses and renewal or purchase options.

Rental expense under operating leases was \$357 million, \$444 million and \$477 million in the years ended December 31, 2015, 2014 and 2013.

Note 16. Income Taxes

The following table summarizes income before income taxes and equity income (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
U.S. income	\$ 5,594	\$ 1,683	\$ 4,880
Non-U.S. income (loss)	(70)	469	768
Income before income taxes and equity income	<u>\$ 5,524</u>	<u>\$ 2,152</u>	<u>\$ 5,648</u>

Income Tax Expense (Benefit)

The following table summarizes Income tax expense (benefit) (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Current income tax expense (benefit)			
U.S. federal	\$ 5	\$ (23)	\$ (34)
U.S. state and local	(5)	154	88
Non-U.S.	860	671	512
Total current income tax expense	860	802	566
Deferred income tax expense (benefit)			
U.S. federal	1,001	(581)	1,049
U.S. state and local	199	(60)	137
Non-U.S.	(3,957)	67	375
Total deferred income tax expense (benefit)	(2,757)	(574)	1,561
Total income tax expense (benefit)	<u>\$ (1,897)</u>	<u>\$ 228</u>	<u>\$ 2,127</u>

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments primarily as a result of earnings in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of \$2.8 billion and \$3.0 billion at December 31, 2015 and 2014. Additional basis differences related to investments in nonconsolidated Automotive China JVs exist of \$4.1 billion at December 31, 2015 and 2014 primarily related to fresh-start reporting. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable. The Non-U.S. deferred income tax benefit in the year ended December 31, 2015 relates primarily to the release of valuation allowances in GME.

The following table summarizes a reconciliation of Income tax expense (benefit) compared with the amounts at the U.S. federal statutory income tax rate (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Income tax expense at U.S. federal statutory income tax rate	\$ 1,933	\$ 753	\$ 1,977
State and local tax expense	115	73	145
Non-U.S. income taxed at other than 35%	(28)	(72)	(168)
U.S. tax on Non-U.S. income	(417)	(8)	543
Change in valuation allowance	(3,666)	(402)	182
Change in tax laws	29	602	146
Research and manufacturing incentives	(367)	(279)	(490)
Goodwill impairment	—	41	124
Settlements of prior year tax matters	—	(275)	(473)
Realization of basis differences in affiliates	—	(256)	—
Foreign currency remeasurement	209	124	(21)
Financial penalty under the DPA(a)	315	—	—
Other adjustments	(20)	(73)	162
Total income tax expense (benefit)	<u>\$ (1,897)</u>	<u>\$ 228</u>	<u>\$ 2,127</u>

(a) Refer to Note 15 for additional information on the DPA.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2015 and 2014 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards. The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities (dollars in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deferred tax assets		
Postretirement benefits other than pensions	\$ 2,712	\$ 2,958
Pension and other employee benefit plans	6,502	7,503
Warranties, dealer and customer allowances, claims and discounts	5,495	5,512
Property, plants and equipment	1,981	2,323
U.S. capitalized research expenditures	7,413	8,588
U.S. operating loss and tax credit carryforwards(a)	8,623	7,631
Non-U.S. operating loss and tax credit carryforwards(b)	5,826	6,505
Miscellaneous	3,316	3,286
Total deferred tax assets before valuation allowances	41,868	44,306
Less: valuation allowances	(5,021)	(9,659)
Total deferred tax assets	36,847	34,647
Deferred tax liabilities		
Intangible assets	590	416
Net deferred tax assets	<u>\$ 36,257</u>	<u>\$ 34,231</u>

(a) At December 31, 2015 U.S. operating loss and tax credit carryforwards of \$8.0 billion expire by 2035 if not utilized and the remaining balance of \$607 million may be carried forward indefinitely.

(b) At December 31, 2015 Non-U.S. operating loss and tax credit carryforwards of \$1.7 billion expire by 2035 if not utilized and the remaining balance of \$4.1 billion may be carried forward indefinitely.

Valuation Allowances

As a result of business restructuring and improving profitability in certain European businesses evidenced by three years of adjusted cumulative earnings and the completion of our near- and medium-term business plans in the three months ended December 31, 2015 that forecast continuing improvement in profitability, we determined that it was more likely than not that our future earnings will be sufficient to realize the deferred tax assets in these European businesses. Accordingly we reversed \$3.9 billion of GME's valuation allowances resulting in an income tax benefit. We retained valuation allowances of \$2.5 billion at December 31, 2015 against deferred tax assets in GME which we continue to believe do not meet the more likely than not threshold for releasing the valuation allowance.

At December 31, 2015 we retained additional valuation allowances against deferred tax assets of \$2.5 billion, primarily in South Korea and India business units with cumulative losses in recent years and in the U.S. related to capital loss tax attributes and state loss carryforwards that we do not expect to have the ability to utilize within the carryforward periods.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Uncertain Tax Positions

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Beginning balance	\$ 1,877	\$ 2,530	\$ 2,745
Additions to current year tax positions	54	184	251
Additions to prior years' tax positions	115	149	276
Reductions to prior years' tax positions	(378)	(603)	(535)
Reductions in tax positions due to lapse of statutory limitations	(201)	(164)	(73)
Settlements	(3)	(138)	(132)
Other	(79)	(81)	(2)
Ending balance	<u>\$ 1,385</u>	<u>\$ 1,877</u>	<u>\$ 2,530</u>

At December 31, 2015 and 2014 there were \$896 million and \$1.2 billion of unrecognized tax benefits that if recognized would favorably affect our effective tax rate in the future. In the years ended December 31, 2015, 2014 and 2013 income tax related interest and penalties were insignificant. At December 31, 2015 and 2014 we had liabilities of \$183 million and \$246 million for income tax related interest and penalties.

In the year ended December 31, 2013 we remeasured a previously disclosed uncertain tax position and recorded a \$473 million tax benefit that increased net operating loss carryforwards, reducing future taxable income.

At December 31, 2015 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Other Matters

Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2005 to 2015 with various significant tax jurisdictions. Tax authorities may have the ability to review and adjust net operating loss or tax credit carryforwards that were generated prior to these periods if utilized in an open tax year. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations there is a risk that transfer pricing disputes may arise.

We have net operating loss carryforwards in Germany through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Depending on the outcome of European court decisions these loss carryforwards may be available to reduce future taxable income in Germany.

In January 2013 the U.S. Congress enacted federal income tax legislation including an extension of the research credit for tax years 2012 and 2013. As a result, in the year ended December 31, 2013 we recorded an income tax benefit related to the 2012 research credit of approximately \$200 million.

Note 17. Restructuring and Other Initiatives

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	<u>GMNA</u>	<u>GME</u>	<u>GMIO</u>	<u>GMSA</u>	<u>Total</u>
Balance at January 1, 2013	\$ 653	\$ 590	\$ 39	\$ 38	\$ 1,320
Additions, interest accretion and other	58	202	404	50	714
Payments	(182)	(299)	(111)	(68)	(660)
Revisions to estimates and effect of foreign currency	(32)	10	1	(4)	(25)
Balance at December 31, 2013(a)	497	503	333	16	1,349
Additions, interest accretion and other	42	675	213	83	1,013
Payments	(96)	(329)	(342)	(95)	(862)
Revisions to estimates and effect of foreign currency	16	(98)	(38)	(2)	(122)
Balance at December 31, 2014(a)	459	751	166	2	1,378
Additions, interest accretion and other	102	149	208	107	566
Payments	(77)	(549)	(160)	(97)	(883)
Revisions to estimates and effect of foreign currency	(341)	(81)	(53)	(5)	(480)
Balance at December 31, 2015(a)	<u>\$ 143</u>	<u>\$ 270</u>	<u>\$ 161</u>	<u>\$ 7</u>	<u>\$ 581</u>

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits of \$14 million, \$354 million and \$353 million at December 31, 2015, 2014 and 2013 for GMNA, relate primarily to postemployment benefits to be paid.

Year Ended December 31, 2015

Restructuring and other initiatives related primarily to: (1) reversal of the U.S. Supplemental Unemployment Benefit Plan accrual for temporary layoff benefits of \$317 million resulting from a plan amendment in the 2015 UAW Agreement at GMNA; (2) the change in our business model in Russia described below; and (3) separation and other programs in Australia, Korea, Thailand, Indonesia and India and the withdrawal of the Chevrolet brand from Europe which had a total cost since inception of \$722 million and affected a total of approximately 5,490 employees at GMIO through December 31, 2015. We expect to complete these programs in GMIO in 2017 and incur additional restructuring and other charges of approximately \$210 million.

Our 2015 labor agreement with the UAW includes cash severance incentive programs to qualified U.S. hourly employees. We will record restructuring charges of \$250 million upon irrevocable acceptance received in February 2016.

Year Ended December 31, 2014

Restructuring and other initiatives related primarily to: (1) the termination of all vehicle and transmission production at our Bochum, Germany facility completed in December 2014, which had a total cost since inception of \$841 million at GME; (2) separation programs in Australia and Korea, the withdrawal of the Chevrolet brand from Europe and the cessation of manufacturing in Australia which had a total cost since inception of \$514 million at GMIO through December 31, 2014; and (3) completed separation programs in Brazil and Venezuela which had a total cost since inception of \$169 million at GMSA through December 31, 2014.

Year Ended December 31, 2013

Restructuring and other initiatives related primarily to: (1) cash severance incentive programs for skilled trade U.S. hourly employees and service cost for hourly layoff benefits at GMNA; (2) our plan to terminate all vehicle and transmission production at our Bochum, Germany facility by the end of 2014 which had a total cost since inception of \$194 million at GME through December 31, 2013; (3) separation programs in Australia and Korea and programs related to the withdrawal of the Chevrolet brand from Europe, described below, which had a total cost since inception of \$420 million at GMIO through December 31, 2013; and (4) active separation programs in Brazil which had a total cost since inception of \$103 million at GMSA through December 31, 2013.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Change of Business Model in Russia

In March 2015 we announced plans to change our business model in Russia and have ceased manufacturing, eliminated Opel brand distribution and reduced Chevrolet brand distribution in the year ended December 31, 2015. This decision impacts 300 dealers and distributors and 1,130 employees. As a result we recorded pre-tax charges of \$443 million at GME and GMIO through December 31, 2015, net of noncontrolling interests of \$56 million. These charges included dealer restructuring and other contract cancellation costs of \$103 million and employee severance costs of \$13 million which are reflected in the table above. The remaining charges for cumulative translation adjustment associated with the substantial liquidation of certain legal entities and other of \$183 million, sales incentives and inventory related costs of \$144 million and asset impairment charges of \$56 million are not included in the table above. We may incur additional charges for exit costs of up to approximately \$100 million through 2016.

Withdrawal of the Chevrolet Brand from Europe

In December 2013 we announced our plans to focus our marketing and product portfolio on our Opel and Vauxhall brands in Western and Central Europe and cease mainstream distribution of the Chevrolet brand in those markets in 2015. This decision impacts approximately 1,200 Chevrolet dealers and distributors in the affected countries and approximately 480 Chevrolet Europe employees. In the three months ended December 31, 2013 we recorded pre-tax charges of \$636 million, net of noncontrolling interests of \$124 million. These charges included dealer restructuring costs of \$233 million and employee severance costs of \$30 million which are reflected in the table above. The remaining charges for intangible asset impairments of \$264 million and sales incentive, inventory related and other costs of \$233 million are not included in the table above. Refer to Note 9 for additional information on the intangible asset impairment charges.

Manufacturing Operations at Holden

In December 2013 we announced plans to cease vehicle and engine manufacturing and significantly reduce engineering operations at GM Holden Ltd. (Holden) by the end of 2017. Holden will continue to sell imported vehicles through its Holden dealer network and maintain its global design studio. This decision affects approximately 2,900 employees at certain Holden facilities. In the three months ended December 31, 2013 we recorded pre-tax charges of \$536 million in Automotive cost of sales consisting primarily of asset impairment charges of \$477 million, including property, plant and equipment, which are not included in the table above. The remaining charges relate to exit-related costs, including certain employee severance related costs, of which \$59 million are included in the table above.

Note 18. Interest Income and Other Non-Operating Income, net

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Interest income	\$ 169	\$ 211	\$ 246
Foreign currency transaction and remeasurement gains (losses)	297	378	(154)
Gains on securities and other investments — realized and unrealized	7	13	691
Other	148	221	280
Total interest income and other non-operating income, net	<u>\$ 621</u>	<u>\$ 823</u>	<u>\$ 1,063</u>

In December 2013 we sold our investment in Ally Financial common stock through a private offering for net proceeds of \$880 million and recorded a gain of \$483 million. Also in December 2013 we sold our seven percent investment in Peugeot S. A. (PSA) common stock for \$339 million, net of disposal costs and we recorded a net gain of \$152 million in Interest income and other non-operating income, net. Other includes net gains and losses on derivatives, dividends, royalties and deferred income recorded from technology agreement that ended in 2013.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 19. Stockholders' Equity and Noncontrolling Interests

Preferred and Common Stock

We have 2.0 billion shares of preferred stock and 5.0 billion shares of common stock authorized for issuance. We had 1.5 billion and 1.6 billion shares of common stock issued and outstanding at December 31, 2015 and 2014.

The following table summarizes significant features related to our preferred stock (dollars in millions, except for per share amounts):

	Liquidation Preference Per Share	Dividend Per Annum	Dividends Paid Years Ended December 31,		
			2015	2014	2013
Series A Preferred Stock	\$ 25.00	9.00%		\$ 1,160	\$ 1,370
Series B Preferred Stock	\$ 50.00	4.75%			\$ 237

Series A Preferred Stock

In December 2014 we redeemed all of the remaining outstanding shares of our Series A Preferred Stock at a price equal to the aggregate liquidation amount, including accumulated dividends, of \$3.9 billion, which reduced Net income attributable to common stockholders by \$809 million and is included within dividends paid in the table above.

In September 2013 we purchased 120 million shares (or 43.5% of the total shares outstanding) of our Series A Preferred Stock held by the New VEBA at a price equal to 108.1% of the aggregate liquidation amount for \$3.2 billion, which reduced Net income attributable to common stockholders by \$816 million and is included within dividends paid in the table above.

Series B Preferred Stock

On December 1, 2013 each of the 100 million shares of our Series B Preferred Stock outstanding automatically converted into 1.3736 shares of our common stock for a total of 137 million common shares. The number of shares of our common stock issued upon mandatory conversion of each share of Series B Preferred Stock was determined based on the average of the closing prices of our common stock over the 40 consecutive trading day period ended November 26, 2013.

Common Stock

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. No common stock dividends were declared or paid prior to 2014. Our dividends declared per common share were \$1.38 and \$1.20 and our total dividends declared on common stock were \$2.2 billion and \$1.9 billion for the years ended December 31, 2015 and 2014. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our preferred stock, if any such shares are then outstanding.

In the year ended December 31, 2015 we purchased 102 million shares of our outstanding common stock for \$3.5 billion as part of the common stock repurchase program announced in March 2015.

In September 2014 we repurchased 5 million shares of our outstanding common stock at a weighted-average price of \$33.69 per share, to offset the dilution from the June 2014 grant of stock incentive awards under the 2014 Long-Term Incentive Plan.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Warrants

In July 2009 we issued two tranches of warrants, each to acquire 136 million shares of our common stock, to Motors Liquidation Company (MLC) which have all been distributed to creditors of General Motors Corporation and to the Motors Liquidation Company GUC Trust by MLC and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA. The first tranche of MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of \$10.00 per share and the second tranche of MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of \$18.33 per share. The New VEBA warrants, which were subsequently sold by the New VEBA, had an exercise price of \$42.31 per share and expired December 31, 2015. Upon exercise of the warrants, the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share. The number of shares of common stock underlying each of the warrants and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends. The number of warrants outstanding was 70 million and 165 million at December 31, 2015 and 2014.

Accumulated Other Comprehensive Loss

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

	Years Ended December 31,		
	2015	2014	2013
Foreign Currency Translation Adjustments			
Balance at beginning of period	\$ (1,064)	\$ (614)	\$ 101
Other comprehensive loss before reclassification adjustment, net of tax(a)	(1,153)	(475)	(733)
Reclassification adjustment, net of tax(a)(b)	198	2	—
Other comprehensive loss, net of tax(a)	(955)	(473)	(733)
Other comprehensive income (loss) attributable to noncontrolling interests, net of tax(a)	(15)	23	18
Balance at end of period	<u>\$ (2,034)</u>	<u>\$ (1,064)</u>	<u>\$ (614)</u>
Defined Benefit Plans, Net			
Balance at beginning of period	\$ (7,006)	\$ (2,501)	\$ (8,194)
Other comprehensive income (loss) before reclassification adjustment	817	(6,477)	8,679
Tax expense (benefit)	41	(1,854)	3,087
Other comprehensive income (loss) before reclassification adjustment, net of tax	776	(4,623)	5,592
Reclassification adjustment, net of tax(a)(c)	235	118	101
Other comprehensive income (loss), net of tax	1,011	(4,505)	5,693
Other comprehensive loss attributable to noncontrolling interests, net of tax(a)	(4)	—	—
Balance at end of period	<u>\$ (5,999)</u>	<u>\$ (7,006)</u>	<u>\$ (2,501)</u>

(a) The income tax effect was insignificant in the years ended December 31, 2015, 2014 and 2013.

(b) Related to the change of our business model in Russia. Included in Automotive cost of sales. Refer to Note 17 for additional information.

(c) Included in the computation of net periodic pension and OPEB (income) expense. Refer to Note 13 for additional information.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 20. Earnings Per Share

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

	Years Ended December 31,		
	2015	2014	2013
Basic earnings per share			
Net income attributable to stockholders	\$ 9,687	\$ 3,949	\$ 5,346
Less: cumulative dividends on preferred stock and charge related to redemption and purchase of preferred stock(a)		(1,145)	(1,576)
Net income attributable to common stockholders	<u>\$ 9,687</u>	<u>\$ 2,804</u>	<u>\$ 3,770</u>
Weighted-average common shares outstanding	1,586	1,605	1,393
Basic earnings per common share	\$ 6.11	\$ 1.75	\$ 2.71
Diluted earnings per share			
Net income attributable to common stockholders — basic	\$ 9,687	\$ 2,804	\$ 3,770
Add: preferred dividends to holders of Series B Preferred Stock			218
Less: earnings adjustment for dilutive stock compensation rights	(1)	(18)	
Net income attributable to common stockholders — diluted	<u>\$ 9,686</u>	<u>\$ 2,786</u>	<u>\$ 3,988</u>
Weighted-average common shares outstanding — basic	1,586	1,605	1,393
Dilutive effect of warrants and awards under stock incentive plans	54	82	149
Dilutive effect of conversion of Series B Preferred Stock			134
Weighted-average common shares outstanding — diluted	<u>1,640</u>	<u>1,687</u>	<u>1,676</u>
Diluted earnings per common share	\$ 5.91	\$ 1.65	\$ 2.38

(a) Includes earned but undeclared dividends of \$15 million on our Series A Preferred Stock in the year ended December 31, 2013.

Prior to the December 2013 conversion to common shares, the Series B Preferred Stock was a participating security and, as such, required the application of the more dilutive of the two-class or if-converted method to calculate earnings per share when the applicable market value of our common stock was below or above the range of \$33.00 to \$39.60 per common share. On the mandatory conversion date of our Series B Preferred Stock, December 1, 2013, the applicable market value of our common stock was within the range of \$33.00 to \$39.60 per common share and, as such, we applied the if-converted method for purposes of calculating diluted earnings per share in the year ended December 31, 2013. The impact on diluted earnings per share was an increase of \$0.13 in the year ended December 31, 2013 using the if-converted method as compared to the two-class method.

In the years ended December 31, 2015, 2014 and 2013 warrants to purchase 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares.

Note 21. Stock Incentive Plans

Stock incentive plan awards outstanding at December 31, 2015 consist of awards granted under the 2014 Long-Term Incentive Plan, the 2009 Long-Term Incentive Plan and the Salary Stock Plan. The 2014 Long-Term Incentive Plan was approved by stockholders in June 2014 and replaced the 2009 Long-Term Incentive Plan and Salary Stock Plan. These plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under the 2014 Long-Term Incentive Plan shall not exceed 60 million. In January 2014 we amended the 2009 Long-Term

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Incentive Plan and the Salary Stock Plan to provide cash payment, on a going forward basis, of dividend equivalents upon settlement to active employees and certain former employees with outstanding awards as of the amendment date.

Long-Term Incentive Plan

We grant to certain employees RSUs, PSUs and stock options under our 2014 Long-Term Incentive Plan and, prior to our 2014 Long-Term Incentive Plan, RSUs under our 2009 Long-Term Incentive Plan. Shares awarded under the plans are subject to forfeiture if the participant leaves the company for reasons other than those permitted under the plans such as retirement, death or disability. Our practice is to issue new shares upon settlement of RSUs and PSUs. The following table summarizes awards granted or issued under these plans (units in millions):

	Years Ended December 31,		
	2015	2014	2013
RSUs	2.8	8.2	7.3
PSUs	4.1	3.9	
Stock options	26.4		

RSU awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The ultimate number of PSUs earned will be determined at the end of the specified performance period, which is three years, based on performance criteria determined by the Executive Compensation Committee of the Board of Directors at the time of award. The number of shares earned may equal, exceed or be less than the targeted number of shares depending on whether the performance criteria are met, surpassed or not met. PSU awards generally vest and settle at the end of a three-year period.

Stock options were granted to senior leaders to maintain the leadership consistency needed to achieve our short-term and long-term goals. Each recipient was required to accept non-compete and non-solicitation covenants. These non-qualified stock options have a vesting feature whereby two-fifths of the award are exercisable approximately 19 months after the date of grant and the remainder vest ratably over the next three years based on the performance of our common stock relative to that of a specified peer group. The stock options expire 10 years from the grant date.

Salary Stock Plan

In the year ended December 31, 2013 a portion of each participant's salary was accrued on each salary payment date and converted to RSUs on a quarterly basis. In June 2013 we amended the plan to provide for cash or share settlement of awards based on election by the participant. The liability for these awards continues to be remeasured to fair value at the end of each reporting period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

RSUs, PSUs and Stock Options

The following table summarizes information about the RSUs, PSUs and stock options under our stock incentive plans (units in millions):

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term in Years
Units outstanding at January 1, 2015	19.9	\$ 32.11	1.3
Granted	33.3	\$ 10.70	
Settled	(8.1)	\$ 29.44	
Forfeited or expired	(1.1)	\$ 26.59	
Units outstanding at December 31, 2015	44.0	\$ 16.48	3.0
Units unvested and expected to vest at December 31, 2015	35.0	\$ 14.54	3.3
Units vested and payable at December 31, 2015	7.6	\$ 25.72	
Units granted in the year ended December 31, 2014		\$ 35.31	
Units granted in the year ended December 31, 2013		\$ 29.05	

The following table summarizes compensation expense recorded for our stock incentive plans, which is recorded in Automotive cost of sales and Automotive selling, general and administrative expense (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Compensation expense	\$ 446	\$ 245	\$ 311
Income tax benefit	\$ 151	\$ 81	\$ 100

At December 31, 2015 the total unrecognized compensation expense for nonvested equity awards granted was \$294 million. This expense is expected to be recorded over a weighted-average period of 3.3 years. The total fair value of RSUs, PSUs and stock options vested in the years ended December 31, 2015, 2014 and 2013 was \$228 million, \$221 million and \$342 million. In the years ended December 31, 2015, 2014 and 2013 total payments for 1.8 million, 2.4 million and 3.1 million RSUs settled under stock incentive plans were \$64 million, \$85 million and \$94 million.

Note 22. Supplementary Quarterly Financial Information (Unaudited)

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2015				
Total net sales and revenue	\$ 35,712	\$ 38,180	\$ 38,843	\$ 39,621
Automotive gross margin	\$ 3,690	\$ 4,073	\$ 5,082	\$ 4,756
Net income	\$ 908	\$ 1,140	\$ 1,341	\$ 6,226
Net income attributable to stockholders	\$ 945	\$ 1,117	\$ 1,359	\$ 6,266
Basic earnings per common share	\$ 0.58	\$ 0.70	\$ 0.86	\$ 4.03
Diluted earnings per common share	\$ 0.56	\$ 0.67	\$ 0.84	\$ 3.92

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
2014				
Total net sales and revenue	\$ 37,408	\$ 39,649	\$ 39,255	\$ 39,617
Automotive gross margin	\$ 2,188	\$ 2,611	\$ 3,945	\$ 4,266
Net income	\$ 280	\$ 287	\$ 1,442	\$ 2,009
Net income attributable to stockholders	\$ 213	\$ 278	\$ 1,471	\$ 1,987
Basic earnings per common share	\$ 0.08	\$ 0.12	\$ 0.86	\$ 0.69
Diluted earnings per common share	\$ 0.06	\$ 0.11	\$ 0.81	\$ 0.66

The three months ended December 31, 2015 included the following:

- Income tax benefit of \$3.9 billion related to the reversal of deferred tax asset valuation allowances at GME.
- Gain on extinguishment of debt of \$449 million related to unsecured debt in Brazil in GMSA on a pre-tax basis.

The three months ended September 30, 2015 included charges for various legal matters of approximately \$1.5 billion related to the Ignition Switch Recall in Corporate on a pre-tax basis.

The three months ended June 30, 2015 included the following on a pre-tax basis:

- Asset impairment charges of \$297 million related to our Thailand subsidiaries in GMIO.
- Charge of \$604 million for the Venezuela currency devaluation in GMSA.

The three months ended March 31, 2015 included the following on a pre-tax basis:

- Costs related to the change in our business model in Russia of \$337 million in GME and \$91 million in GMIO.
- Charge of \$150 million for Ignition Switch Recall compensation program in Corporate.

The three months ended December 31, 2014 included the following on a pre-tax basis:

- Gain on extinguishment of debt of \$207 million related to unsecured debt in Brazil in GMSA.
- Asset impairment charges of \$158 million related to our Thailand subsidiary in GMIO.

The three months ended September 30, 2014 included asset impairment charges of \$194 million related to Russian subsidiaries in GME on a pre-tax basis.

The three months ended June 30, 2014 included the following on a pre-tax basis:

- Recall campaign and courtesy transportation charges of \$1.1 billion in GMNA.
- Catch-up adjustment of \$874 million related to change in estimate of recall campaigns in GMNA.
- Charge of \$400 million for Ignition Switch Recall compensation program in Corporate.

The three months ended March 31, 2014 included the following on a pre-tax basis:

- Recall campaign and courtesy transportation charges of \$1.3 billion in GMNA.
- Charge of \$419 million for the Venezuela currency devaluation in GMSA.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 23. Segment Reporting

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

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

In addition to the products sold to dealers for consumer retail sales, cars, trucks and crossovers are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

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

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

At and For the Year Ended December 31, 2015

	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Net sales and revenue	\$ 106,622	\$ 18,704	\$ 12,626	\$ 7,820	\$ 150		\$ 145,922	\$ 6,454	\$ (20)	\$ 152,356
Income (loss) before interest and taxes-adjusted	\$ 11,026	\$ (813)	\$ 1,397	\$ (622)	\$ (1,001)		\$ 9,987	\$ 837	\$ (10)	\$ 10,814
Adjustments(a)	\$ 47	\$ (358)	\$ (383)	\$ (720)	\$ (1,785)		\$ (3,199)	\$ —	\$ —	\$ (3,199)
Automotive interest income . . .										169
Automotive interest expense . . .										(443)
Gain on extinguishment of debt										449
Net (loss) attributable to noncontrolling interests										(72)
Income before income taxes . . .										7,718
Income tax benefit										1,897
Net loss attributable to noncontrolling interests										72
Net income attributable to stockholders										\$ 9,687
Equity in net assets of nonconsolidated affiliates . . .	\$ 94	\$ 6	\$ 8,113	\$ 2	\$ —	\$ —	\$ 8,215	\$ 986	\$ —	\$ 9,201
Total assets	\$ 92,570	\$ 13,361	\$ 20,555	\$ 7,049	\$ 20,151	\$ (24,083)	\$ 129,603	\$ 66,081	\$ (1,164)	\$ 194,520
Expenditures for property	\$ 5,688	\$ 1,070	\$ 480	\$ 485	\$ 66	\$ (5)	\$ 7,784	\$ 90	\$ —	\$ 7,874
Depreciation and amortization	\$ 3,745	\$ 412	\$ 436	\$ 268	\$ 16	\$ (3)	\$ 4,874	\$ 2,297	\$ —	\$ 7,171
Impairment charges	\$ 370	\$ 117	\$ 324	\$ 35	\$ —	\$ —	\$ 846	\$ —	\$ —	\$ 846
Equity income	\$ 20	\$ 2	\$ 2,056	\$ —	\$ —	\$ —	\$ 2,078	\$ 116	\$ —	\$ 2,194

(a) Consists primarily of net insurance recoveries related to flood damage of \$47 million in GMNA; costs related to the change in our business model in Russia of \$358 million in GME and \$85 million in GMIO, which is net of noncontrolling interests; asset impairment charges of \$297 million related to our Thailand subsidiaries in GMIO; Venezuela currency devaluation charges of \$604 million and asset impairment charges of \$116 million related to our Venezuela subsidiaries in GMSA; and charges related to the Ignition Switch Recall including the compensation program of \$195 million and various settlements and legal matters of \$1.6 billion in Corporate.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At and For the Year Ended December 31, 2014

	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Net sales and revenue	\$ 101,199	\$ 22,235	\$ 14,392	\$ 13,115	\$ 151		\$ 151,092	\$ 4,854	\$ (17)	\$ 155,929
Income (loss) before										
interest and taxes-adjusted	\$ 6,603	\$ (1,369)	\$ 1,222	\$ (180)	\$ (580)		\$ 5,696	\$ 803	\$ (5)	\$ 6,494
Adjustments(a)	\$ (975)	\$ (245)	\$ (180)	\$ (539)	\$ (400)		\$ (2,339)	\$ 12	\$ —	\$ (2,327)
Automotive interest income										211
Automotive interest expense										(403)
Gain on extinguishment of debt										202
Net income attributable to										
noncontrolling interests										69
Income before income taxes										4,246
Income tax expense										(228)
Net income attributable to										
noncontrolling interests										(69)
Net income attributable to										
stockholders										\$ 3,949
Equity in net assets of										
nonconsolidated affiliates	\$ 88	\$ 6	\$ 8,254	\$ 2	\$ —	\$ —	\$ 8,350	\$ —	\$ —	\$ 8,350
Total assets	\$ 92,864	\$ 10,528	\$ 22,949	\$ 10,066	\$ 24,308	\$ (29,041)	\$ 131,674	\$ 47,745	\$ (1,918)	\$ 177,501
Expenditures for property	\$ 4,985	\$ 887	\$ 681	\$ 359	\$ 127	\$ —	\$ 7,039	\$ 52	\$ —	\$ 7,091
Depreciation and amortization	\$ 4,122	\$ 325	\$ 419	\$ 383	\$ 75	\$ (4)	\$ 5,320	\$ 918	\$ —	\$ 6,238
Impairment charges, excluding										
goodwill	\$ 254	\$ 302	\$ 321	\$ 3	\$ —	\$ —	\$ 880	\$ —	\$ —	\$ 880
Equity income	\$ 19	\$ (45)	\$ 2,120	\$ —	\$ —	\$ —	\$ 2,094	\$ —	\$ —	\$ 2,094

(a) Consists of a catch-up adjustment related to the change in estimate for recall campaigns of \$874 million and charges related to flood damage, net of insurance recoveries, of \$101 million in GMNA; asset impairment charges of \$245 million related to our Russian subsidiaries in GME; asset impairment charges of \$158 million related to our Thailand subsidiary in GMIO; Venezuela currency devaluation charges of \$419 million and Goodwill impairment charges of \$120 million in GMSA; a charge related to the Ignition Switch Recall compensation program of \$400 million in Corporate; and other of \$10 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At and For the Year Ended December 31, 2013

	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Net sales and revenue	\$ 95,099	\$ 21,962	\$ 18,411	\$ 16,478	\$ 150		\$ 152,100	\$ 3,344	\$ (17)	\$ 155,427
Income (loss) before interest and taxes-adjusted	\$ 7,461	\$ (869)	\$ 1,255	\$ 327	\$ (494)		\$ 7,680	\$ 898	\$ —	\$ 8,578
Adjustments(a)	\$ (100)	\$ 153	\$ (1,169)	\$ (157)	\$ 483		\$ (790)	\$ (15)	\$ —	\$ (805)
Automotive interest income										246
Automotive interest expense										(334)
Loss on extinguishment of debt										(212)
Net loss attributable to noncontrolling interests										(15)
Income before income taxes										7,458
Income tax expense										(2,127)
Net loss attributable to noncontrolling interests										15
Net income attributable to stockholders										\$ 5,346
Equity in net assets of nonconsolidated affiliates	\$ 74	\$ 95	\$ 7,921	\$ 4	\$ —	\$ —	\$ 8,094	\$ —	\$ —	\$ 8,094
Total assets	\$ 87,978	\$ 11,276	\$ 22,100	\$ 11,488	\$ 26,421	\$ (29,252)	\$ 130,011	\$ 38,010	\$ (1,790)	\$ 166,231
Expenditures for property	\$ 5,466	\$ 818	\$ 724	\$ 444	\$ 92	\$ 5	\$ 7,549	\$ 16	\$ —	\$ 7,565
Depreciation and amortization	\$ 3,896	\$ 291	\$ 694	\$ 477	\$ 63	\$ (1)	\$ 5,420	\$ 498	\$ (10)	\$ 5,908
Impairment charges, excluding goodwill	\$ 320	\$ 135	\$ 1,092	\$ 45	\$ —	\$ —	\$ 1,592	\$ —	\$ —	\$ 1,592
Equity income	\$ 15	\$ 34	\$ 1,760	\$ 1	\$ —	\$ —	\$ 1,810	\$ —	\$ —	\$ 1,810

(a) Consists of pension settlement charges of \$56 million and charges related to PSA product development agreement of \$49 million in GMNA; gain on sale of equity investment in PSA of \$152 million in GME; property and intangible asset impairment charges of \$774 million, costs related to the withdrawal of the Chevrolet brand in Europe of \$621 million and goodwill impairment charges of \$442 million, partially offset by GM Korea hourly wage litigation of \$577 million and acquisition of GM Korea preferred shares of \$67 million in GMIO, all net of noncontrolling interests; Venezuela currency devaluation charges of \$162 million in GMSA; gain on sale of equity investment in Ally Financial of \$483 million in Corporate; costs related to the withdrawal of the Chevrolet brand in Europe of \$15 million in GM Financial; and income related to various insurance recoveries of \$35 million.

Automotive revenue is attributed to geographic areas based on the country in which our subsidiary is located. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	At and For the Years Ended December 31,					
	2015		2014		2013	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
Automotive						
U.S.	\$ 100,008	\$ 21,091	\$ 93,559	\$ 18,813	\$ 88,784	\$ 15,844
Non-U.S.	45,914	12,742	57,533	12,355	63,308	12,289
GM Financial						
U.S.	4,357	18,501	2,549	5,477	2,233	2,472
Non-U.S.	2,077	1,890	2,288	1,755	1,102	1,043
Total consolidated	\$ 152,356	\$ 54,224	\$ 155,929	\$ 38,400	\$ 155,427	\$ 31,648

No individual country other than the U.S. represented more than 10% of our total Net sales and revenue or Long-lived assets.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 24. Supplemental Information for the Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by Change in other operating assets and liabilities and Cash paid for income taxes and interest (dollars in millions):

	Years Ended December 31,		
	2015	2014	2013
Accounts receivable	\$ (254)	\$ (1,248)	\$ 8
Purchases of wholesale receivables, net	(1,124)	(2,000)	—
Inventories	(1,350)	(309)	59
Automotive equipment on operating leases	159	(1,949)	(968)
Change in other assets	(397)	(213)	(563)
Accounts payable	1,953	19	(485)
Income taxes payable	60	(145)	(161)
Accrued liabilities and other liabilities	(801)	6,089	784
Total	<u>\$ (1,754)</u>	<u>\$ 244</u>	<u>\$ (1,326)</u>
Cash paid for income taxes and interest			
Cash paid for income taxes	\$ 800	\$ 947	\$ 727
Cash paid for interest (net of amounts capitalized) — Automotive	\$ 348	\$ 301	\$ 299
Cash paid for interest (net of amounts capitalized) — GM Financial	1,295	1,120	760
Total cash paid for interest (net of amounts capitalized)	<u>\$ 1,643</u>	<u>\$ 1,421</u>	<u>\$ 1,059</u>

Note 25. Subsequent Events

In January 2016 we invested \$500 million in Lyft, Inc (Lyft), a privately held company, representing a 9% equity ownership interest. We plan to develop with Lyft an integrated network of on-demand autonomous vehicles in the U.S. We applied the cost method of accounting to our investment in Lyft.

Also in January 2016 we announced the next step in our strategy to redefine personal mobility with a new car-sharing service called Maven, which combines our multiple car-sharing programs under one single brand and will expand its offerings to multiple cities and communities in the U.S. Maven gives customers access to highly personalized, on-demand mobility services.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Disclosure Controls and Procedures

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

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

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2015, utilizing the criteria discussed in the "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2015. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2015.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control over Financial Reporting

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

/s/ MARY T. BARRA

Mary T. Barra
Chairman & Chief Executive Officer

February 3, 2016

/s/ CHARLES K. STEVENS III

Charles K. Stevens III
Executive Vice President and Chief Financial Officer

February 3, 2016

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GENERAL INFORMATION

COMMON STOCK

GM common stock, \$0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:

GM - New York Stock Exchange

GMM - Toronto Stock Exchange

ANNUAL MEETING

The GM Annual Meeting of Stockholders will be held at 9:30 a.m. ET on Tuesday, June 7, 2016, in Detroit, Michigan.

STOCKHOLDER ASSISTANCE

Stockholders of record requiring information about their accounts should contact:

Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334 (from outside the United States, Canada or Puerto Rico)

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service and the Computershare website at www.computershare.com/gm are always available.

For other information, stockholders may contact:

GM Stockholder Services
General Motors Company
Mail Code 482-C23-D24
300 Renaissance Center
Detroit, MI 48265
313-667-1500

ELECTRONIC DELIVERY OF ANNUAL MEETING MATERIALS

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at www.computershare.com/gm. If your GM stock is held through a broker, bank or other nominee, contact them directly.

SECURITIES AND INSTITUTIONAL ANALYST QUERIES

GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
Detroit, MI 48265
313-667-1669

AVAILABLE PUBLICATIONS

GM's Annual Report, Proxy Statement, Forms 10-K and 10-Q and Winning With Integrity (code of conduct) are available online at www.gm.com/investors.

Printed copies may be requested on our website or from GM Stockholder Services at the address listed above (allow four to six weeks for delivery of materials).

VISIT GM ON THE INTERNET

Learn more about General Motors vehicles and services on our website at www.gm.com.

GM CUSTOMER ASSISTANCE CENTERS

Satisfaction with your entire ownership experience is important to us. To request product information or to receive assistance with your vehicle, please contact the appropriate brand via phone or Twitter:

Buick: 800-521-7300 or @BuickCustCare
Cadillac: 800-458-8006 or @CadillacCustSvc
Chevrolet: 800-222-1020 or @ChevyCustCare
GMC: 800-462-8782 or @GMCCustCare
HUMMER: 800-732-5493 or @GMCustomerSvc
Oldsmobile: 800-442-6537 or @GMCustomerSvc
Pontiac: 800-762-2737 or @GMCustomerSvc
Saab: 800-955-9007 or @GMCustomerSvc
Saturn: 800-553-6000 or @GMCustomerSvc

GM of Canada: 800-263-3777

GM Mobility: 800-323-9935

OTHER PRODUCTS AND SERVICES

GM Card: 888-316-2390
OnStar: 888-667-8277

PRINCIPAL OFFICE

General Motors Company

300 Renaissance Center
Detroit, MI 48265
313-556-5000



GENERAL MOTORS COMPANY