

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

Form 10-K

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

For the fiscal year ended December 31, 2012

OR

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

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

Commission file number 001-34960

**GENERAL MOTORS COMPANY**

(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE  
(State or other jurisdiction of  
Incorporation or Organization)

300 Renaissance Center, Detroit, Michigan  
(Address of Principal Executive Offices)

27-0756180  
(I.R.S. Employer  
Identification No.)

48265-3000  
(Zip Code)

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

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

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

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

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

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

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

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

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

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

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

Do not check if smaller reporting company

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

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

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

**DOCUMENTS INCORPORATED BY REFERENCE**

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

## INDEX

	<u>Page</u>
<b><u>PART I</u></b>	
Item 1.	<a href="#"><u>Business</u></a> 1
Item 1A.	<a href="#"><u>Risk Factors</u></a> 20
Item 1B.	<a href="#"><u>Unresolved Staff Comments</u></a> 26
Item 2.	<a href="#"><u>Properties</u></a> 26
Item 3.	<a href="#"><u>Legal Proceedings</u></a> 27
Item 4.	<a href="#"><u>Mine Safety Disclosures</u></a> 28
<b><u>PART II</u></b>	
Item 5.	<a href="#"><u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u></a> 29
Item 6.	<a href="#"><u>Selected Financial Data</u></a> 31
Item 7.	<a href="#"><u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u></a> 32
Item 7A.	<a href="#"><u>Quantitative and Qualitative Disclosures About Market Risk</u></a> 71
Item 8.	<a href="#"><u>Financial Statements and Supplementary Data</u></a> 77
	<a href="#"><u>Consolidated Income Statements</u></a> 77
	<a href="#"><u>Consolidated Statements of Comprehensive Income</u></a> 78
	<a href="#"><u>Consolidated Balance Sheets</u></a> 79
	<a href="#"><u>Consolidated Statements of Cash Flows</u></a> 80
	<a href="#"><u>Consolidated Statements of Equity</u></a> 81
	<a href="#"><u>Notes to Consolidated Financial Statements</u></a> 82
Note 1.	<a href="#"><u>Nature of Operations</u></a> 82
Note 2.	<a href="#"><u>Basis of Presentation</u></a> 82
Note 3.	<a href="#"><u>Significant Accounting Policies</u></a> 83
Note 4.	<a href="#"><u>Acquisition and Disposal of Businesses</u></a> 93
Note 5.	<a href="#"><u>GM Financial Finance Receivables, net</u></a> 97
Note 6.	<a href="#"><u>Securitizations</u></a> 100
Note 7.	<a href="#"><u>Marketable Securities</u></a> 101
Note 8.	<a href="#"><u>Inventories</u></a> 104
Note 9.	<a href="#"><u>Equipment on Operating Leases, net</u></a> 104
Note 10.	<a href="#"><u>Equity in Net Assets of Nonconsolidated Affiliates</u></a> 105
Note 11.	<a href="#"><u>Property, net</u></a> 109
Note 12.	<a href="#"><u>Goodwill</u></a> 111
Note 13.	<a href="#"><u>Intangible Assets, net</u></a> 114
Note 14.	<a href="#"><u>Restricted Cash and Marketable Securities</u></a> 116
Note 15.	<a href="#"><u>Variable Interest Entities</u></a> 116
Note 16.	<a href="#"><u>Accrued Liabilities, Other Liabilities and Deferred Income Taxes</u></a> 118
Note 17.	<a href="#"><u>Short-Term and Long-Term Debt</u></a> 119
Note 18.	<a href="#"><u>Pensions and Other Postretirement Benefits</u></a> 125
Note 19.	<a href="#"><u>Derivative Financial Instruments and Risk Management</u></a> 140
Note 20.	<a href="#"><u>Commitments and Contingencies</u></a> 144
Note 21.	<a href="#"><u>Income Taxes</u></a> 149
Note 22.	<a href="#"><u>Restructuring and Other Initiatives</u></a> 153
Note 23.	<a href="#"><u>Interest Income and Other Non-Operating Income, net</u></a> 155
Note 24.	<a href="#"><u>Stockholders’ Equity and Noncontrolling Interests</u></a> 156
Note 25.	<a href="#"><u>Earnings Per Share</u></a> 159

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Note 26.	<a href="#">Stock Incentive Plans</a>	<a href="#">161</a>
Note 27.	<a href="#">Ally Financial</a>	<a href="#">162</a>
Note 28.	<a href="#">Supplementary Quarterly Financial Information (Unaudited)</a>	<a href="#">165</a>
Note 29.	<a href="#">Segment Reporting</a>	<a href="#">167</a>
Note 30.	<a href="#">Supplemental Information for Consolidated Statements of Cash Flows</a>	<a href="#">171</a>
Item 9.	<a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<a href="#">173</a>
Item 9A.	<a href="#">Controls and Procedures</a>	<a href="#">173</a>
Item 9B.	<a href="#">Other Information</a>	<a href="#">174</a>
	<b><a href="#">PART III</a></b>	
Item 10.	<a href="#">Directors, Executive Officers and Corporate Governance</a>	<a href="#">175</a>
Item 11.	<a href="#">Executive Compensation</a>	<a href="#">175</a>
Item 12.	<a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">175</a>
Item 13.	<a href="#">Certain Relationships and Related Transactions and Director Independence</a>	<a href="#">175</a>
Item 14.	<a href="#">Principal Accountant Fees and Services</a>	<a href="#">175</a>
	<b><a href="#">PART IV</a></b>	
Item 15.	<a href="#">Exhibits</a>	<a href="#">176</a>
	<a href="#">Signatures</a>	<a href="#">180</a>

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### PART I

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

#### Item 1. Business

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

#### Automotive

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

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

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

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

- Buick
- Cadillac
- Chevrolet
- GMC

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

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

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

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

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES*****Competitive Position***

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

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

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

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

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

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

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

	Years Ended December 31,		
	2012	2011	2010
<b>GMNA</b>			
Cars	1,270	1,145	977
Trucks	1,967	1,944	1,832
Total GMNA	<u>3,237</u>	<u>3,089</u>	<u>2,809</u>
<b>GMIO</b>			
Consolidated entities	1,208	1,114	1,016
Joint ventures			
SGMW	1,498	1,284	1,256
SGM	1,329	1,208	1,037
FAW-GM	54	51	86
Other	357	384	350
Total GMIO	<u>4,446</u>	<u>4,041</u>	<u>3,745</u>
GME	927	1,189	1,234
GMSA	879	948	926
Worldwide	<u>9,489</u>	<u>9,267</u>	<u>8,714</u>

***U.S. Market Share***

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

*Vehicle Sales*

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**
**Vehicle Sales(a)(b)(c)  
Years Ended December 31,**

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

Vehicle Sales(a)(b)(c)  
Years Ended December 31,

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

- (a) GMNA vehicle sales primarily represent sales to the end customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the end customer. In countries where end customer data is not readily available other data sources, such as wholesale or forecast volumes, are used to estimate vehicle sales.
- (b) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.
- (c) Vehicle sales data may include rounding differences.
- (d) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.
- (e) Includes the vehicle sales for following joint ventures.

Years Ended December 31,

	2012	2011	2010
<b>Joint venture sales in China</b>			
SGM	—	1,200	1,033
SGMS	1,331	—	—
SGMW and FAW-GM	1,501	1,342	1,315
<b>Joint venture sales in India</b>			
HKJV	64	111	101

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

***Fleet Sales and Deliveries***

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

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



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

include rounding differences (vehicles in thousands):

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

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

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

### ***Product Pricing***

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

### ***Cyclical Nature of Business***

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

### ***Relationship with Dealers***

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

The following table summarizes the number of authorized dealerships:

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

### ***Research, Product Development and Intellectual Property***

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

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

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

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

### ***Fuel Efficiency***

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

### ***Alternative Fuel Vehicles***

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

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

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

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

### *Hydrogen Fuel Cell Technology*

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

### *OnStar*

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

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

### *Product Development*

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

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

### *Intellectual Property*

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

### *Raw Materials, Services and Supplies*

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

### ***Environmental and Regulatory Matters***

#### *Automotive Emissions Control*

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

#### *North America*

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

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

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

California law requires that 12% of 2013 model year cars and certain light-duty trucks sold in the state must be zero emission vehicles (ZEV) such as electric vehicles or hydrogen fuel cell vehicles. The requirement is based on a complex system of credits that vary in magnitude by vehicle type and model year. Manufacturers have the option of meeting a portion of this requirement with partial ZEV credit for vehicles that meet very stringent exhaust and evaporative emission standards and have extended emission system warranties. Additional portions of the ZEV requirement can be met with vehicles that meet these partial ZEV requirements and incorporate advanced technology such as hybrid and plug-in hybrid electric propulsion systems meeting specified criteria. We are complying with the ZEV requirements using a variety of means including producing vehicles certified to the partial ZEV requirements. CARB has adopted 2018 model year and later requirements for increasing volumes of ZEVs to achieve greenhouse gas as well as criteria pollutant emission reductions to help achieve the state's long-term greenhouse gas reduction goals. A portion of this requirement may be met with PHEVs that meet specified criteria including an extended emission system warranty.

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

### *Europe*

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

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

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

### *International Operations*

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

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

### *South America*

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES*****Industrial Environmental Control****Environmental Matters*

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

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

*Site Remediation*

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

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

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

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

*Facility Management*

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

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

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

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

***Automotive Fuel Economy***

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### *North America*

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

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

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

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

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

### *Europe*

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

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

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

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



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

### *International Operations*

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

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

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

### *South America*

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

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

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

### **Chemical Regulations**

#### *North America*

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

#### *Europe*

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



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

### ***Safety***

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

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

### ***Vehicular Noise Control***

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

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

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

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

### ***Potential Effect of Regulations***

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

reduce greenhouse gas emissions and mitigate environmental liabilities.

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

### ***Pension Legislation***

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

### ***Export Control***

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

### **Automotive Financing - GM Financial**

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

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

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

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

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

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

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

**Employees**

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

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

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

At December 31, 2012 50,000 of our U.S. employees (or 62%) were represented by unions, a majority of which were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). Many of our employees outside the U.S. were represented by various unions. At December 31, 2012 we had 395,000 U.S. hourly and 114,000 U.S. salaried retirees, surviving spouses and deferred vested participants. Salaried retiree participant count includes participants who will receive their pension payments from a third-party insurance company as disclosed in Note 18 to our consolidated financial statements.

**Executive Officers of the Registrant**

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

(a) Retiring effective July 15, 2013.

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

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

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

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

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

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

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

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

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

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

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

Randall D. Mott was named GM Vice President, Information Technology and Chief Information Officer in February 2012. Prior to joining GM he was Executive Vice President and Chief Information Officer of Hewlett-Packard Company since July 2005. He had previously been Senior Vice President and Chief Information Officer for Dell, Inc., which he joined in 2000.

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

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

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

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

**Segment Reporting Data**

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

**Website Access to Our Reports**

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

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

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### Item 1A. Risk Factors

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

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

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

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

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

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

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

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

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

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



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

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

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

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

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

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

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

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

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



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

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

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

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

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

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

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

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

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

- generate cash proceeds to repay its credit facilities and purchase additional loan receivables;
- The performance of loans in its portfolio, which could be materially affected by delinquencies, defaults or prepayments;
- Its ability to effectively manage risks relating to sub-prime automobile receivables;
- Wholesale auction values of used vehicles;
- Higher than expected vehicle return rates on vehicles GM Financial leases; and
- Fluctuations in interest rates.

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

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

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

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

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

We rely upon information technology networks and systems, some of which are managed by third-parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain management, manufacturing, invoicing, and collection of payments from our dealer network and from customers of GM Financial. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information, the propriety business information of our dealers and suppliers, as well as personally identifiable information of our customers and employees, in data centers and on information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology networks and systems may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to errors or malfeasance by employees, contractors and others who have access to our networks and systems, or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations and reduce the competitive advantage we hope to derive from our investment in advanced technologies.

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

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

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

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

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

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

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

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

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

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

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

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

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

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

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

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

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

\* \* \* \* \*

**Item 1B. Unresolved Staff Comments**

None

\* \* \* \* \*

**Item 2. Properties**

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

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

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

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

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

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

of our products.

\* \* \* \* \*

**Item 3. Legal Proceedings**

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

***Canadian Dealer Class Action***

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

***UAW VEBA Contribution Claim***

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

***Korean Labor Litigation***

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

***Inventory Management Securities Class Action***

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

***Saab Automobile AB Related Litigation***

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

\* \* \* \* \*

**Item 4. Mine Safety Disclosures**

Not applicable

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

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

Market Information

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

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

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

Holder

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

Dividends

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

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

Equity Compensation Plan Information

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

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



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

- (a) The awards under the 2009 Long-Term Incentive Plan as amended November 21, 2012 and Salary Stock Plan as amended November 21, 2012 are restricted stock units (RSUs). The RSUs do not have an exercise price and in limited situations certain executives could settle their awards in cash due to tax considerations of certain countries.
- (b) Excludes securities reflected in the first column, "Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights."
- (c) At December 31, 2012 all of our equity compensation plans were approved by security holders.

**Issuer Purchases of Equity Securities**

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

**Purchases of Equity Securities for Cash**

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

**Other Purchases of Equity Securities**

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

N/A = not applicable

- (a) Represents a purchase of shares of common stock from the UST at a total cost of \$5.5 billion, of which \$0.4 billion was recorded as a charge to Other automotive expenses, net. The shares purchased were retired. Refer to Note 24 to our consolidated financial statements for additional details on the purchase of stock from UST.
- (b) Represents shares of common stock delivered by employees or directors back to us for the payment of taxes resulting from issuance of common stock upon the vesting of RSUs and Restricted Stock Awards relating to compensation plans and shares of common stock retained by us for the payment of exercise price upon the exercise of warrants. Refer to Note 26 to our consolidated financial statements for additional details on employee stock incentive plans and Note 24 to our consolidated financial statements for additional details on warrants issued.

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**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**Item 6. Selected Financial Data**

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

	Successor				Predecessor	
	Years Ended December 31,			July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
	2012	2011	2010			
<b>Income Statement Data:</b>						
Total net sales and revenue(a)	\$ 152,256	\$ 150,276	\$ 135,592	\$ 57,474	\$ 47,115	\$ 148,979
Reorganization gains, net(b)	\$ —	\$ —	\$ —	\$ —	\$ 128,155	\$ —
Income (loss) from continuing operations	\$ 6,136	\$ 9,287	\$ 6,503	\$ (3,786)	\$ 109,003	\$ (31,051)
Net (income) loss attributable to noncontrolling interests	52	(97)	(331)	(511)	115	108
Net income (loss) attributable to stockholders(c)	\$ 6,188	\$ 9,190	\$ 6,172	\$ (4,297)	\$ 109,118	\$ (30,943)
Net income (loss) attributable to common stockholders	\$ 4,859	\$ 7,585	\$ 4,668	\$ (4,428)	\$ 109,118	\$ (30,943)
GM \$0.01 par value common stock and Old GM \$1-2/3 par value common stock						
<b>Basic earnings (loss) per share:(d)</b>						
Net income (loss) attributable to common stockholders	\$ 3.10	\$ 4.94	\$ 3.11	\$ (3.58)	\$ 178.63	\$ (53.47)
<b>Diluted earnings (loss) per share:(d)</b>						
Net income (loss) attributable to common stockholders	\$ 2.92	\$ 4.58	\$ 2.89	\$ (3.58)	\$ 178.55	\$ (53.47)
Cash dividends per common share	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.50
<b>Balance Sheet Data (as of period end):</b>						
Total assets(a)	\$ 149,422	\$ 144,603	\$ 138,898	\$ 136,295		\$ 91,039
Automotive notes and loans payable(e)(f)	\$ 5,172	\$ 5,295	\$ 4,630	\$ 15,783		\$ 45,938
GM Financial notes and loans payable(a)	\$ 10,878	\$ 8,538	\$ 7,032			
Series A Preferred Stock(g)	\$ 5,536	\$ 5,536	\$ 5,536	\$ 6,998		\$ —
Series B Preferred Stock(h)	\$ 4,855	\$ 4,855	\$ 4,855	\$ —		\$ —
Equity (deficit)(i)(j)	\$ 37,000	\$ 38,991	\$ 37,159	\$ 21,957		\$ (85,076)

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

(b) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of \$128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, the 363 Sale of Old GM and certain of its direct and indirect subsidiaries and the application of fresh-start reporting.

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

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

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

\* \* \* \* \*

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

**Presentation and Estimates**

*Basis of Presentation*

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

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

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

*Use of Estimates in the Preparation of the Financial Statements*

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

*Prior Period Financial Statements Conformed to Current Period Presentation*

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

**Overview**

Our Company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under Chapter 11 of the U.S. Bankruptcy Code. By commencing operations following the 363 Sale, we were able to take advantage of a competitive labor agreement with our unions, a restructured dealer network and a reduced and refocused brand strategy in the U.S. focused on four brands.

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

*Automotive*

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

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

- GMNA has sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean. GMNA represented 32.5% of our vehicle sales volume in 2012 and we had the largest market share in this market at 16.9%.
- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 17.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number four market share in this market at 8.5%. GMIO distributes Chevrolet brand vehicles which, when sold in Europe, are included in GME vehicle sales volume and market share data.
- GMIO has sales, manufacturing and distribution operations in Asia-Pacific, Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others), Africa and the Middle East. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East is our largest segment by vehicle sales volume. GMIO represented 38.9% of our global vehicle sales volume including sales through our joint ventures in 2012. In 2012 we had approximately 14.6% market share in China as compared to 13.6% in 2011. In 2012 GMIO derived 78.4% of its vehicle sales volume from China. GMIO records the financial results of Chevrolet brand vehicles that it distributes and sells in Europe.
- GMSA has sales, manufacturing, distribution and financing operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay. GMSA represented 11.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number two market share for this market at 18.0% and the number three market share in Brazil. In 2012 GMSA derived 61.4% of its vehicle sales volume from Brazil.

### ***Automotive Financing - GM Financial***

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

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

### ***Our Strategy***

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

### Automotive Financing Strategy

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

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

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

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

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

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

In addition to the financing we provide through GM Financial, we also ensure availability of competitive financing for our customers and dealers through operating relationships with financial institutions. Historically, Ally Financial provided a majority of the financing for our dealers and a significant portion of the financing for our customers in the U.S., Canada and other major international markets where we operate. Ally Financial continues to be the largest third-party provider of the financing for our dealers and customers. We have added relationships with other financial institutions to increase our competitiveness and benefit from additional financing sources, including arrangements to provide incentivized retail financing to our customers in the U.S., Canada, U.K. and Australia.

### Focus on Chinese Market

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

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

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

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

(b) Market share for China market.

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

**GME**

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

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

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan, which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets and adjusted the carrying amounts and recorded impairment charges of \$5.5 billion. As we have reduced the carrying amount of these assets by \$5.5 billion, depreciation and amortization expense will be reduced in future periods, including approximately \$0.6 billion in the year ending December 31, 2013, which may result in an increase in our reported EBIT-adjusted in GME in subsequent periods. Refer to Notes 11 and 13 to our consolidated financial statements for additional information on our real and personal property and intangible asset impairment charges.

**Alliance with PSA**

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

### **Purchase of Common Stock**

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

### **UST Invested Capital**

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

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

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

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

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

#### ***2012 CAW Labor Agreement***

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

- Lump-sum payments of CAD \$3,000 to certain CAW employees were made in October 2012 and additional lump-sum payments of CAD \$2,000 will be paid annually in December of 2013, 2014, and 2015. The lump-sum payments will be amortized over the four year agreement.
- Hourly employees who retire on or after January 1, 2013 will be offered a new lump-sum distribution option at retirement in the defined benefit pension plan and new hires will be covered by a hybrid defined benefit/defined contribution pension plan. The lump-sum payment option had an insignificant effect on the defined benefit pension plan and has been recognized in the year-end plan remeasurement for 2012.
- Due to the expected closure of the Oshawa Consolidated Plant in June 2014, impacted employees will be eligible for a



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a car voucher. This may range up to \$0.1 billion and will be included in our restructuring liability, net of existing liabilities, upon irrevocable acceptance by both parties.

- During the life of the agreement and subject to market conditions and demand, we plan to make total manufacturing program investments of \$0.7 billion.

### ***2011 GM-UAW Labor Agreement***

In September 2011 we entered into a collective bargaining labor agreement with the UAW. The agreement 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 totaling \$0.4 billion to eligible U.S. hourly employees in 2011 through 2014. The lump-sum payments are being amortized over the four year agreement period.
- Termination in 2012 of a cash balance pension plan for entry level employees. Participants in this plan and all employees hired on or after October 1, 2007 participate in a defined contribution plan.
- A plan which provides legal services to U.S. hourly employees and retirees will be terminated on December 31, 2013. In September 2011 we remeasured this plan resulting in a decrease of \$0.3 billion in the other postretirement benefits (OPEB) liability and a corresponding pre-tax increase in the prior service credit component of Accumulated other comprehensive income, which will be amortized through December 31, 2013.
- The profit sharing plan formula is based on GMNA earnings before interest and taxes (EBIT)-adjusted and was effective beginning with the 2011 plan year. The profit sharing payment is capped at \$12,000 per employee per year.
- Cash severance incentive programs which were completed in March 2012. A total of 1,400 skilled trades employees participated in the program at a total cost of \$0.1 billion. Substantially all of the program cost was recorded in the three months ended March 31, 2012.
- During the four year agreement period we plan to make additional manufacturing investments of more than \$2.0 billion to create or retain more than 6,300 UAW jobs.

### ***Canadian Health Care Trust***

In October 2011 pursuant to a June 2009 agreement between GMCL and the CAW an independent Canadian Health Care Trust (HCT) was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement, and recorded a gain of \$0.7 billion. Refer to Note 18 to our consolidated financial statements for further details regarding the implementation of the HCT.

### **Benefit Plan Changes**

#### ***U.S. Salaried Defined Benefit Pension Plan***

In January 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. This amendment resulted in a curtailment which decreased the pension liability and decreased the net pre-tax actuarial loss component of Accumulated other comprehensive loss by \$0.3 billion. Active plan participants receive additional contributions in the defined contribution plan starting in October 2012.

In August 2012 the salaried pension plan was amended to divide the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. After the amendment the original salaried pension plan (Retiree Plan) covers the majority of retirees currently receiving payments. As a result of this amendment a remeasurement of the Retiree Plan on August 1, 2012 increased the pension liability and the net pre-tax actuarial loss component of Accumulated other comprehensive loss by \$0.7 billion, due primarily to a decrease in the discount rate from 4.21% to 3.37% on a weighted-average basis, partially offset by actual asset returns in excess of expected amounts.



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

In August 2012 lump-sum distributions of \$3.6 billion were made from the Retiree Plan to 12,500 plan participants resulting in a partial plan settlement necessitating a plan remeasurement for the Retiree Plan on August 31, 2012. The settlement resulted in a pre-tax loss of \$0.1 billion. The effect on our financial condition was insignificant.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company and paid a total annuity premium of \$25.1 billion and the Retiree Plan settled two other previously guaranteed obligations, with separate insurance companies, totaling \$1.9 billion. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants in the Retiree Plan and assume all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these annuity purchase transactions we have settled the remaining obligations of the Retiree Plan in their entirety resulting in a pre-tax settlement loss of \$2.5 billion (\$2.1 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of \$0.4 billion, and the premium paid to the insurance company of \$2.1 billion. The tax benefit of \$0.4 billion is composed of the statutory tax benefit of \$1.0 billion offset by tax expense of \$0.6 billion primarily associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit). The ongoing annual impact to earnings will be \$0.2 billion unfavorable due to a decrease in pension income.

### ***Canadian Salaried Defined Benefit Plans***

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012. Active plan participants began receiving additional contributions in the defined contribution plan in January 2013. We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan.

### **Venezuelan Exchange Regulations**

Our Venezuelan subsidiaries utilize the U.S. Dollar as their functional currency because of the hyperinflationary status of the Venezuelan economy. The Venezuelan government has introduced foreign exchange control regulations which make it more difficult to convert Bolivar Fuerte (BsF) to U.S. Dollars. These regulations affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates.

In February 2013 the Venezuelan government announced that the official fixed exchange rate of BsF 4.3 to \$1.00 would be changed to BsF 6.3 to \$1.00. The devaluation did not have an effect on the 2012 consolidated financial statements; however, the devaluation will require remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities in the three months ending March 31, 2013. The devaluation effective date is February 13, 2013 and is expected to result in a charge in the range of \$0.1 billion to \$0.2 billion.

Refer to Note 2 to our consolidated financial statements for additional details regarding amounts pending government approval for settlement and the net assets of our Venezuelan subsidiaries.

### **Sale of Class A Membership in New Delphi**

In March 2011 we sold 100% of our Class A Membership Interests in Delphi Automotive LLP (New Delphi) for \$3.8 billion. We recorded a gain of \$1.6 billion related to the sale. Refer to Note 10 to our consolidated financial statements for further details.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**
**Consolidating Results of Operations**  
**(Dollars in Millions)**

	Year Ended December 31, 2012				Year Ended December 31, 2011				Year Ended December 31, 2010			
	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated
<b>Net sales and revenue</b>												
Automotive sales and revenue	\$ 150,293	\$ —	\$ 2	\$ 150,295	\$ 148,869	\$ —	\$ (3)	\$ 148,866	\$ 135,311	\$ —	\$ —	\$ 135,311
GM Financial revenue	—	1,961	—	1,961	—	1,410	—	1,410	—	281	—	281
Total net sales and revenue	150,293	1,961	2	152,256	148,869	1,410	(3)	150,276	135,311	281	—	135,592
<b>Costs and expenses</b>												
Automotive cost of sales	140,223	—	13	140,236	130,386	—	—	130,386	118,768	—	—	118,768
GM Financial operating expenses	—	418	—	418	—	339	—	339	—	87	—	87
GM Financial interest expenses	—	283	—	283	—	204	—	204	—	37	—	37
GM Financial other expenses	—	516	(10)	506	—	245	(3)	242	—	28	—	28
Automotive selling, general and administrative expense	13,593	—	—	13,593	12,105	—	—	12,105	11,446	—	—	11,446
Other automotive expenses, net	438	—	—	438	58	—	—	58	118	—	—	118
Goodwill impairment charges	27,145	—	—	27,145	1,286	—	—	1,286	—	—	—	—
Total costs and expenses	181,399	1,217	3	182,619	143,835	788	(3)	144,620	130,332	152	—	130,484
Operating income (loss)	(31,106)	744	(1)	(30,363)	5,034	622	—	5,656	4,979	129	—	5,108
Automotive interest expense	489	—	—	489	540	—	—	540	1,098	—	—	1,098
Interest income and other non-operating income, net	845	—	—	845	851	—	—	851	1,531	—	—	1,531
Gains (losses) on extinguishment of debt	(250)	—	—	(250)	18	—	—	18	196	—	—	196
Income (loss) before income taxes and equity income	(31,000)	744	(1)	(30,257)	5,363	622	—	5,985	5,608	129	—	5,737
Income tax expense (benefit)	(35,007)	177	(1)	(34,831)	(295)	185	—	(110)	633	39	—	672
Equity income, net of tax and gain on investments	1,562	—	—	1,562	3,192	—	—	3,192	1,438	—	—	1,438
<b>Net income</b>	<b>5,569</b>	<b>567</b>	<b>—</b>	<b>6,136</b>	<b>8,850</b>	<b>437</b>	<b>—</b>	<b>9,287</b>	<b>6,413</b>	<b>90</b>	<b>—</b>	<b>6,503</b>
Net (income) loss attributable to noncontrolling interests	52	—	—	52	(97)	—	—	(97)	(331)	—	—	(331)
<b>Net income attributable to stockholders</b>	<b>\$ 5,621</b>	<b>\$ 567</b>	<b>\$ —</b>	<b>\$ 6,188</b>	<b>\$ 8,753</b>	<b>\$ 437</b>	<b>\$ —</b>	<b>\$ 9,190</b>	<b>\$ 6,082</b>	<b>\$ 90</b>	<b>\$ —</b>	<b>\$ 6,172</b>

**Production and Vehicle Sales Volume**

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

The tables which summarize production volume and sales of new motor vehicles and competitive position are presented in “Item 1. Business.”

**Reconciliation of Consolidated, Automotive and GM Financial Segment Results**

Management believes EBIT-adjusted provides meaningful supplemental information regarding our automotive segments' operating results because it excludes interest income, expense and income taxes as well as certain additional amounts. Management does not consider these excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes. Such adjustments include impairment charges related to goodwill and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments. Management believes this measure allows it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT-adjusted is useful in allowing for greater transparency of our core operations and is therefore used by management in its financial and operational decision-making.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

While management believes that EBIT-adjusted provides useful information, it is not an operating measure under U.S. GAAP and there are limitations associated with its use. Our calculation of EBIT-adjusted may not be completely 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 EBIT-adjusted 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 stockholders. Due to these limitations, EBIT-adjusted is used as a supplement to U.S. GAAP measures.

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

In 2012 we recorded losses on extinguishment of debt within Corporate for segment reporting purposes, and they are excluded from EBIT-adjusted. Previously gains and losses on extinguishment of debt were recorded within the applicable automotive segments. This change is consistent with how management currently views the results of our operations.

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

	Years Ended December 31,					
	2012		2011		2010	
<b>Automotive</b>						
<b>EBIT-adjusted</b>						
GMNA(a)	\$ 6,953	97.7 %	\$ 7,194	93.6 %	\$ 5,688	82.4 %
GME(a)	(1,797)	(25.3)%	(747)	(9.7)%	(1,953)	(28.3)%
GMIO(a)	2,191	30.8 %	1,897	24.7 %	2,262	32.8 %
GMSA(a)	271	3.8 %	(122)	(1.6)%	818	11.9 %
Corporate and eliminations	(502)	(7.0)%	(540)	(7.0)%	86	1.2 %
Total automotive EBIT-adjusted	7,116	100.0 %	7,682	100.0 %	6,901	100.0 %
Adjustments	(36,106)		861		447	
Corporate interest income	343		455		465	
Automotive interest expense	489		540		1,098	
Loss on extinguishment of debt	250					
<b>Automotive Financing</b>						
GM Financial income before income taxes	744		622		129	
<b>Consolidated</b>						
Eliminations	(1)		—		—	
Income tax expense (benefit)	(34,831)		(110)		672	
<b>Net income attributable to stockholders</b>	<b>\$ 6,188</b>		<b>\$ 9,190</b>		<b>\$ 6,172</b>	

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

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

	Year Ended December 31, 2010					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on extinguishment of VEBA Note	\$ —	\$ —	\$ —	\$ —	\$ 198	\$ 198
Gain on sale of Saab	—	123	—	—	—	123
Gain on acquisition of GMS	—	66	—	—	—	66
Gain on sale of Nexteer Automotive Corporation (Nexteer)	60	—	—	—	—	60
<b>Total adjustments to EBIT</b>	<b>\$ 60</b>	<b>\$ 189</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 198</b>	<b>\$ 447</b>

***Total Net Sales and Revenue***  
***(Dollars in Millions)***

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
GMNA	\$ 94,595	\$ 90,233	\$ 83,035	\$ 4,362	4.8 %	\$ 7,198	8.7%
GME	22,050	26,757	24,076	(4,707)	(17.6)%	2,681	11.1%
GMIO	27,690	24,761	20,561	2,929	11.8 %	4,200	20.4%
GMSA	16,950	16,877	15,379	73	0.4 %	1,498	9.7%
GM Financial	1,961	1,410	281	551	39.1 %	1,129	n.m.
Total operating segments	163,246	160,038	143,332	3,208	2.0 %	16,706	11.7%
Corporate and eliminations	(10,990)	(9,762)	(7,740)	(1,228)	(12.6)%	(2,022)	26.1%
Total net sales and revenue	\$ 152,256	\$ 150,276	\$ 135,592	\$ 1,980	1.3 %	\$ 14,684	10.8%

n.m. = not meaningful

In the year ended December 31, 2012 Total net sales and revenue increased by \$2.0 billion (or 1.3%) due primarily to: (1) favorable vehicle mix of \$3.7 billion; (2) favorable vehicle pricing effect of \$1.6 billion; (3) increased wholesale volumes of \$1.5 billion; (4) increased GM Financial finance income of \$0.6 billion; partially offset by (5) unfavorable net foreign currency effect of \$3.7 billion due to the weakening of certain currencies against the U.S. Dollar; (6) decreased revenues from powertrain and parts sales of \$0.7 billion due to decreased volumes; (7) reduction in favorable lease residual adjustments of \$0.5 billion; (8) decreased revenues from rental car leases of \$0.2 billion; and (9) decreased revenues due to the deconsolidation of VM Motori (VMM) in June 2011 of \$0.1 billion.

In the year ended December 31, 2011 Total net sales and revenue increased by \$14.7 billion (or 10.8%) due primarily to: (1) increased wholesale volumes of \$8.6 billion representing 403,000 vehicles; (2) favorable net foreign currency effect of \$2.6 billion due to the strengthening of certain currencies against the U.S. Dollar; (3) favorable vehicle pricing effect of \$1.6 billion due to model year price increases and reduced sales allowances; (4) increased finance income of \$1.1 billion due to the acquisition of GM Financial; (5) increased revenues from powertrain and parts sales of \$1.1 billion due to increased volumes; (6) favorable vehicle mix of \$0.6 billion; and (7) increased revenue of \$0.4 billion due to the acquisition of GMS; partially offset by (8) decreased revenue of \$1.0 billion due to the sale of Nexteer in November 2010.

*Automotive Cost of Sales*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive cost of sales	\$ 140,236	\$ 130,386	\$ 118,768	\$ 9,850	7.6 %	\$ 11,618	9.8%
Automotive gross margin	\$ 10,059	\$ 18,480	\$ 16,543	\$ (8,421)	(45.6)%	\$ 1,937	11.7%

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

In the year ended December 31, 2012 Automotive cost of sales increased by \$9.9 billion (or 7.6%) due primarily to: (1) unfavorable vehicle mix of \$4.1 billion; (2) increased employee costs of \$4.1 billion including increased pension settlement losses and decreased net pension and OPEB income and separation costs; (3) impairment charges of \$3.7 billion for long-lived assets and intangible assets; (4) increased manufacturing expense of \$1.4 billion due to new launches; (5) increased costs of \$0.6 billion related to increased wholesale volumes; (6) increased policy and product warranty expense of \$0.2 billion; partially offset by (7) favorable net foreign currency effect of \$3.3 billion due to the weakening of certain currencies against the U.S. Dollar; (8) decreased engineering expense of \$0.5 billion; (9) decreased costs of \$0.3 billion related to powertrain and parts sales; and (10) decreased costs of \$0.1 billion due to the deconsolidation of VMM in June 2011.

In the year ended December 31, 2011 Automotive cost of sales increased by \$11.6 billion (or 9.8%), in line with Total net sales and revenue, due primarily to: (1) increased costs related to wholesale volume increases of \$6.3 billion; (2) unfavorable net foreign currency effect of \$2.4 billion due to the strengthening of certain currencies against the U.S. Dollar; (3) unfavorable vehicle mix of \$2.3 billion; (4) increased material, freight and manufacturing costs of \$1.7 billion due to higher commodity prices and to

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

support new vehicle launches; (5) increased costs of \$0.8 billion related to powertrain and parts sales; (6) increased engineering costs of \$0.7 billion to support new product development; (7) revisions to restructuring reserves of \$0.4 billion related to higher than planned employee utilization in 2010 which did not recur in 2011; and (8) increased costs of \$0.3 billion due to the acquisition of GMS; partially offset by (9) decreased costs of \$0.9 billion due to the sale of Nexteer in November 2010; (10) decreased depreciation and amortization expense of \$0.8 billion related to the amortization of technology intangibles and impairment charges for long-lived assets; (11) a gain of \$0.7 billion related to the settlement of the HCT in 2011; (12) decreased restructuring charges of \$0.5 billion related to our European operations; and (13) increased net pension and OPEB income of \$0.3 billion due to plan remeasurements.

*Automotive Selling, General and Administrative Expense*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive selling, general and administrative expense	\$ 13,593	\$ 12,105	\$ 11,446	\$ 1,488	12.3%	\$ 659	5.8%

In the year ended December 31, 2012 Automotive selling, general and administrative expense increased by \$1.5 billion (or 12.3%) due primarily to (1) impairment charges for intangibles and long-lived assets of \$1.8 billion; partially offset by (2) favorable net foreign currency effect of \$0.3 billion due to the weakening of certain currencies against the U.S. Dollar.

In the year ended December 31, 2011 Automotive selling, general and administrative expense increased by \$0.7 billion (or 5.8%) due primarily to: (1) increased advertising and sales promotion expenses of \$0.5 billion to support media campaigns and new product launches; (2) unfavorable net foreign exchange effect of \$0.2 billion due to the strengthening of certain currencies against the U.S. Dollar; and (3) charges of \$0.1 billion related to a single customer's default under various commercial supply agreements; partially offset by (4) legal and other expenses of \$0.1 billion primarily related to dealer litigation in 2010 which did not recur in 2011.

*Other Automotive Expenses, net*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Other automotive expenses, net	\$ 438	\$ 58	\$ 118	\$ 380	n.m.	\$ (60)	(50.8)%

n.m. = not meaningful

In the year ended December 31, 2012 Other automotive expenses, net increased by \$0.4 billion due primarily to the premium paid of \$0.4 billion on the common stock purchase from the UST.

In the year ended December 31, 2011 Other automotive expenses, net was insignificant.

*Goodwill Impairment Charges*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Goodwill impairment charges	\$ 27,145	\$ 1,286	\$ —	\$ 25,859	n.m.	\$ 1,286	n.m.

n.m. = not meaningful

In the year ended December 31, 2012 the Goodwill impairment charges increased by \$25.9 billion as we recorded charges of \$26.4 billion, \$0.6 billion and \$0.2 billion in GMNA, GME and GMIO in 2012 as compared to \$1.0 billion and \$0.3 billion in GME and GMIO in 2011. Refer to Note 12 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

*Automotive Interest Expense*

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive interest expense	\$ 489	\$ 540	\$ 1,098	\$ (51)	(9.4)%	\$ (558)	(50.8)%

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

In the year ended December 31, 2011 Automotive interest expense decreased by \$0.6 billion (or 50.8%) due primarily to: (1) decreased interest expense related to the UST Credit Agreement, Canadian Loan Agreement (Canadian Loan) and VEBA Note Agreement (VEBA Notes) of \$0.3 billion in 2010 which did not recur in 2011; and (2) decreased interest expense related to obligations with Ally Financial of \$0.2 billion in 2010.

*Interest Income and Other Non-Operating Income, net*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Interest income and other non-operating income, net	\$ 845	\$ 851	\$ 1,531	\$ (6)	(0.7)%	\$ (680)	(44.4)%

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

In the year ended December 31, 2011 Interest income and other non-operating income, net decreased by \$0.7 billion (or 44.4%) due primarily to: (1) an impairment charge of \$0.6 billion related to our investment in Ally Financial common stock; (2) a gain on the reversal of an accrual for contingently issuable shares of our common stock to MLC (Adjustment Shares) of \$0.2 billion in 2010 which did not recur in 2011; (3) gains on the sale of Saab and Nexteer of \$0.2 billion in 2010 which did not recur in 2011; and (4) a gain on the acquisition of GMS of \$0.1 in 2010 which did not recur in 2011; partially offset by (5) a gain of \$0.3 billion related to the sale of our Ally Financial preferred stock.

*Gains (Losses) on Extinguishment of Debt*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Gains (losses) on extinguishment of debt	\$ (250)	\$ 18	\$ 196	\$ (268)	n.m.	\$ (178)	(90.8)%

n.m. = not meaningful

In the year ended December 31, 2012, we recorded a loss on extinguishment of debt of \$0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In the year ended December 31, 2010 Gain on extinguishment of debt included a gain of \$0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of \$2.8 billion.

*Income Tax Expense (Benefit)*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Income tax expense (benefit)	\$ (34,831)	\$ (110)	\$ 672	\$ (34,721)	n.m.	\$ (782)	n.m.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

n.m. = not meaningful

In the year ended December 31, 2012 income tax benefit increased by \$34.7 billion due primarily to: (1) deferred tax asset valuation allowance reversals of \$36.3 billion in the U.S. and Canada in 2012 as compared to \$0.5 billion in Australia in 2011; and (2) change in U.S. federal tax elections which permitted us to record a tax benefit of \$1.1 billion related to foreign tax credits; partially offset by (3) current year U.S. income tax provision of \$1.4 billion; and (4) income tax allocation from Accumulated other comprehensive loss to Income tax expense (benefit) of \$0.6 billion related to the U.S. salary pension plan.

In the year ended December 31, 2011 income tax benefit of \$0.1 billion decreased by \$0.8 billion compared to income tax expense of \$0.7 billion in 2010 due primarily to: (1) a \$0.5 billion valuation allowance reversal in Australia; and (2) an increase in recognition of previously unrecognized tax benefits of \$0.2 billion which included reductions to interest expense and associated valuation allowances.

Refer to Note 21 to our consolidated financial statements for additional information related to our income tax expense (benefit).

*Equity Income, Net of Tax and Gain on Investments*

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
China JVs	\$ 1,521	\$ 1,511	\$ 1,297	\$ 10	0.7 %	\$ 214	16.5%
New Delphi (including gain on disposition)	—	1,727	117	(1,727)	n.m.	1,610	n.m.
Others	41	(46)	24	87	n.m.	(70)	n.m.
Total equity income, net of tax and gain on investments	\$ 1,562	\$ 3,192	\$ 1,438	\$ (1,630)	(51.1)%	\$ 1,754	122.0%

n.m. = not meaningful

In the year ended December 31, 2012 Equity income, net of tax and gain on investments decreased by \$1.6 billion (or 51.1%) due primarily to: (1) a \$1.6 billion gain related to the sale of our New Delphi Class A Membership Interests and related equity income for the year ended December 31, 2011 that did not recur for the year ended December 31, 2012. Income from our China JVs increased slightly.

In the year ended December 31, 2011 Equity income, net of tax and gain on investments increased by \$1.8 billion (or 122.0%) due primarily to a gain of \$1.6 billion related to the sale of our New Delphi Class A Membership Interests and increased equity income related to our China JVs of \$0.2 billion.



GENERAL MOTORS COMPANY AND SUBSIDIARIES

**Consolidating Financial Condition**  
**(In millions, except share amounts)**

	December 31, 2012				December 31, 2011			
	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 17,133	\$ 1,289	\$ —	\$ 18,422	\$ 15,499	\$ 572	\$ —	\$ 16,071
Marketable securities	8,988	—	—	8,988	16,148	—	—	16,148
Restricted cash and marketable securities	220	466	—	686	206	799	—	1,005
Accounts and notes receivable, net	10,384	34	(23)	10,395	9,949	52	(37)	9,964
GM Financial finance receivables, net	—	4,089	(45)	4,044	—	3,251	—	3,251
Inventories	14,714	—	—	14,714	14,324	—	—	14,324
Equipment on operating leases, net	1,782	—	—	1,782	2,464	—	—	2,464
Deferred income taxes	9,369	59	1	9,429	526	1	—	527
Other current assets	1,487	60	(11)	1,536	1,131	45	(7)	1,169
<b>Total current assets</b>	<b>64,077</b>	<b>5,997</b>	<b>(78)</b>	<b>69,996</b>	<b>60,247</b>	<b>4,720</b>	<b>(44)</b>	<b>64,923</b>
<b>Non-current Assets</b>								
Restricted cash and marketable securities	380	302	—	682	912	316	—	1,228
GM Financial finance receivables, net	—	6,955	(1)	6,954	—	5,911	—	5,911
Equity in net assets of nonconsolidated affiliates	6,883	—	—	6,883	6,790	—	—	6,790
Property, net	24,144	52	—	24,196	22,957	47	1	23,005
Goodwill	695	1,278	—	1,973	27,741	1,278	—	29,019
Intangible assets, net	6,809	—	—	6,809	10,013	1	—	10,014
GM Financial equipment on operating leases, net	—	1,703	(54)	1,649	—	809	(24)	785
Deferred income taxes	27,883	38	1	27,922	514	(2)	—	512
Other assets	2,873	43	(558)	2,358	2,686	32	(302)	2,416
<b>Total non-current assets</b>	<b>69,667</b>	<b>10,371</b>	<b>(612)</b>	<b>79,426</b>	<b>71,613</b>	<b>8,392</b>	<b>(325)</b>	<b>79,680</b>
<b>Total Assets</b>	<b>\$ 133,744</b>	<b>\$ 16,368</b>	<b>\$ (690)</b>	<b>\$ 149,422</b>	<b>\$ 131,860</b>	<b>\$ 13,112</b>	<b>\$ (369)</b>	<b>\$ 144,603</b>
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Accounts payable (principally trade)	\$ 25,132	\$ 57	\$ (23)	\$ 25,166	\$ 24,531	\$ 58	\$ (38)	\$ 24,551
Short-term debt and current portion of long-term debt								
Automotive	1,792	—	(44)	1,748	1,682	—	—	1,682
GM Financial	—	3,770	—	3,770	—	4,118	—	4,118
Accrued liabilities	23,168	170	(30)	23,308	22,767	119	(11)	22,875
<b>Total current liabilities</b>	<b>50,092</b>	<b>3,997</b>	<b>(97)</b>	<b>53,992</b>	<b>48,980</b>	<b>4,295</b>	<b>(49)</b>	<b>53,226</b>
<b>Non-current Liabilities</b>								
Long-term debt								
Automotive	3,425	—	(1)	3,424	3,613	—	—	3,613
GM Financial	—	7,108	—	7,108	—	4,420	—	4,420
Postretirement benefits other than pensions	7,309	—	—	7,309	6,836	—	—	6,836
Pensions	27,420	—	—	27,420	25,075	—	—	25,075
Other liabilities and deferred income taxes	13,048	712	(591)	13,169	12,355	406	(319)	12,442
<b>Total non-current liabilities</b>	<b>51,202</b>	<b>7,820</b>	<b>(592)</b>	<b>58,430</b>	<b>47,879</b>	<b>4,826</b>	<b>(319)</b>	<b>52,386</b>
<b>Total Liabilities</b>	<b>101,294</b>	<b>11,817</b>	<b>(689)</b>	<b>112,422</b>	<b>96,859</b>	<b>9,121</b>	<b>(368)</b>	<b>105,612</b>
Commitments and contingencies								
<b>Equity</b>								
Preferred stock, \$0.01 par value								
Series A	5,536	—	—	5,536	5,536	—	—	5,536
Series B	4,855	—	—	4,855	4,855	—	—	4,855
Common stock, \$0.01 par value	14	—	—	14	16	—	—	16
Capital surplus (principally additional paid-in capital)	23,834	—	—	23,834	26,391	—	—	26,391
Retained earnings	5,503	4,554	—	10,057	3,186	3,998	(1)	7,183
Accumulated other comprehensive loss	(8,048)	(3)	(1)	(8,052)	(5,854)	(7)	—	(5,861)
<b>Total stockholders' equity</b>	<b>31,694</b>	<b>4,551</b>	<b>(1)</b>	<b>36,244</b>	<b>34,130</b>	<b>3,991</b>	<b>(1)</b>	<b>38,120</b>

Noncontrolling interests	756	—	—	756	871	—	—	871
<b>Total Equity</b>	<b>32,450</b>	<b>4,551</b>	<b>(1)</b>	<b>37,000</b>	<b>35,001</b>	<b>3,991</b>	<b>(1)</b>	<b>38,991</b>
<b>Total Liabilities and Equity</b>	<b>\$ 133,744</b>	<b>\$ 16,368</b>	<b>\$ (690)</b>	<b>\$ 149,422</b>	<b>\$ 131,860</b>	<b>\$ 13,112</b>	<b>\$ (369)</b>	<b>\$ 144,603</b>

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

***Current Assets***

Marketable securities decreased by \$7.2 billion (or 44.3%) due primarily to our reinvesting in shorter-term cash equivalents as these marketable securities matured to rebalance our securities portfolio in the normal course of business.

GM Financial finance receivables, net increased by \$0.8 billion (or 24.4%) due primarily to an increase of new originations and purchases of consumer and commercial finance receivables, partially offset by principal collections.

Equipment on operating lease, net decreased by \$0.7 billion (or 27.7%) due primarily to depreciation expense and impairment charges of \$0.4 billion in the year ended December 31, 2012 and a net decrease of \$0.3 billion in vehicles under lease.

Deferred income taxes increased by \$8.9 billion due primarily to the valuation allowance reversals in the U.S. and Canada.

***Non-Current Assets***

Restricted cash and marketable securities decreased by \$0.5 billion (or 44.5%) due primarily to the release of restricted cash and marketable securities that previously served as collateral on various performance guarantees that are no longer required.

GM Financial finance receivables, net increased by \$1.0 billion (or 17.6%) due primarily to an increase of new originations and purchases of consumer and commercial finance receivables, partially offset by expected principal payments considered current.

Goodwill decreased by \$27.0 billion (or 93.2%) due to the impairment charges in GMNA of \$26.4 billion and in GME of \$0.6 billion and GMIO of \$0.2 billion; partially offset by additions of \$0.1 billion related to the acquisition of HKJV.

Intangible assets, net decreased by \$3.2 billion (or 32.0%) due primarily to impairment charges in GME of \$1.8 billion and amortization of \$1.6 billion; partially offset by additions of \$0.1 billion related to the acquisition of HKJV.

GM Financial equipment on operating leases, net increased by \$0.9 billion (or 110.1%) due primarily to a net increase in leased vehicles purchased in the U.S. and Canada of \$1.2 billion; partially offset by depreciation of \$0.2 billion.

Deferred income taxes increased by \$27.4 billion due primarily to the valuation allowance reversals in the U.S. and Canada.

***Non-Current Liabilities***

GM Financial long-term debt increased by \$2.7 billion (or 60.8%) due primarily to: (1) the issuance of securitization notes payable of \$4.1 billion; (2) the issuance of 4.75% senior notes of \$1.0 billion; partially offset by (3) long-term debt reclassified to current of \$2.5 billion.

***GM North America  
(Dollars in Millions)***

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
	Total net sales and revenue	\$ 94,595	\$ 90,233	\$ 83,035	\$ 4,362	4.8 %	\$ 7,198
EBIT-adjusted	\$ 6,953	\$ 7,194	\$ 5,688	\$ (241)	(3.4)%	\$ 1,506	26.5%

***GMNA Total Net Sales and Revenue***

In the year ended December 31, 2012 Total net sales and revenue increased by \$4.4 billion (or 4.8%) due primarily to: (1) increased wholesale volumes of \$3.9 billion representing 156,000 vehicles (or 4.9%) due to increased industry demand and successful recent vehicle launches such as the Buick Verano, Cadillac ATS, Cadillac XTS, Chevrolet Sonic and Chevrolet Spark; (2) favorable vehicle mix of \$1.1 billion; and (3) favorable vehicle pricing of \$0.5 billion; partially offset by (4) reduction in favorable lease residual adjustments of \$0.5 billion; and (5) unfavorable net foreign currency effect of \$0.2 billion due to the weakening of the CAD and Mexican Peso against the U.S. Dollar.

In the year ended December 31, 2011 Total net sales and revenue increased by \$7.2 billion (or 8.7%) due primarily to: (1)

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

increased wholesale volumes of \$7.3 billion representing 299,000 vehicles (or 10.3%) due to increased industry demand and successful recent vehicle launches such as the Chevrolet Cruze, Chevrolet Equinox and GMC Terrain; (2) favorable vehicle pricing of \$1.1 billion; (3) increased revenues from Customer Care and Aftersales of \$0.4 billion due to increased volumes; and (4) favorable net foreign currency effect of \$0.3 billion due to the strengthening of the CAD against the U.S. Dollar; partially offset by (5) unfavorable vehicle mix of \$1.1 billion; and (6) decreased revenue of \$1.0 billion due to the sale of Nexteer in November 2010.

***GMNA EBIT -Adjusted***

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate) and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense, and policy and warranty expense. Vehicles with higher selling prices generally have higher variable profit. Trucks sold in the U.S. currently have a variable profit of approximately 150% of our portfolio on a weighted-average basis. Crossover vehicles' variable profits are in line with the overall portfolio on a weighted-average basis, and cars are approximately 50% of the portfolio on a weighted-average basis.

In the year ended December 31, 2012 EBIT-adjusted decreased by \$0.2 billion (or 3.4%) due primarily to: (1) decrease in U.S. pension income of \$0.8 billion due to December 31, 2011 plan remeasurements; (2) increase in manufacturing expense, including new launches, of \$0.6 billion; (3) reduction in favorable lease residual adjustments of \$0.5 billion; (4) unfavorable net vehicle mix of \$0.3 billion; and (5) unfavorable policy and warranty adjustments of \$0.2 billion; partially offset by (6) increased net wholesale volumes of \$1.1 billion due to increased industry demand and successful recent vehicle launches; (7) favorable vehicle pricing effect of \$0.5 billion; (8) decreased material prices and freight of \$0.4 billion; and (9) decreased engineering expense and other technology fees of \$0.3 billion.

In the year ended December 31, 2011 EBIT-adjusted increased by \$1.5 billion (or 26.5%) due primarily to: (1) increased net wholesale volumes of \$1.9 billion due to increased industry demand and successful recent vehicle launches; (2) favorable vehicle pricing effect of \$1.1 billion; (3) decreased amortization expense of \$0.7 billion due to the effect of double-declining amortization of technology intangibles which were recorded on July 10, 2009 and impairment charges for long-lived assets in 2010; (4) favorable foreign currency effect of \$0.5 billion due to the weakening of the CAD against the U.S. Dollar; and (5) increase in net pension and OPEB income of \$0.3 billion due to December 31, 2010 plan remeasurements; partially offset by (6) unfavorable net vehicle mix of \$1.8 billion; (7) increased engineering expense and other technology fees of \$0.5 billion to support new product development; (8) increased material prices and freight of \$0.4 billion; and (9) reduction in favorable adjustments of \$0.4 billion to restructuring reserves due to increased production capacity utilization and revisions to productivity initiatives in 2010.

***GM Europe  
(Dollars in Millions)***

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
	Total net sales and revenue	\$ 22,050	\$ 26,757	\$ 24,076	\$ (4,707)	(17.6)%	\$ 2,681
EBIT (loss)-adjusted	\$ (1,797)	\$ (747)	(1,953)	\$ (1,050)	n.m.	1,206	(61.8)%

***GME Total Net Sales and Revenue***

In the year ended December 31, 2012 Total net sales and revenue decreased by \$4.7 billion (or 17.6%) due primarily to: (1) decreased wholesale volumes of \$2.7 billion representing 182,000 vehicles (or 14.4%) due to the weak European economy; (2) unfavorable foreign currency effect of \$1.7 billion, due to the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound; (3) decreased parts, accessories and powertrain engine and transmission sales of \$0.4 billion associated with lower demand; (4) a decrease of \$0.2 billion due to unfavorable price effects primarily resulting from increased incentive support associated with strong competition; (5) a decrease of \$0.1 billion due to the deconsolidation of VMM in June 2011; (6) a decrease of \$0.1 billion in components sales; partially offset by (7) favorable vehicle mix of \$0.5 billion due to the new generation Astra GTC, Opel Mokka, and Ampera and increased sales of other higher priced vehicles.

In the year ended December 31, 2011 Total net sales and revenue increased by \$2.7 billion (or 11.1%) due primarily to: (1)

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

favorable foreign currency effect of \$1.1 billion, due to the strengthening of the Euro, British Pound and Swiss Franc against the U.S. Dollar; (2) favorable vehicle mix of \$1.1 billion due to the new generation Opel Meriva and Opel Astra and increased sales of other higher priced vehicles; (3) revenue from GMS of \$0.4 billion, which we acquired in 2010; (4) increased powertrain engine and transmission sales of \$0.3 billion, in support of the Chevrolet Cruze and Chevrolet Volt; (5) increased components sales of \$0.2 billion; and (6) increased volumes of \$0.1 billion due primarily to a 16,000 vehicles (or 1.3%) increase in wholesales; partially offset by (7) a reduction in Saab brand sales of \$0.2 billion related to the sale of Saab in 2010; and (8) a decrease of \$0.1 billion due to the deconsolidation of VMM in June 2011.

***GME EBIT (Loss)-Adjusted***

In the year ended December 31, 2012 EBIT (loss)-adjusted increased by \$1.1 billion due primarily to: (1) decreased volumes of \$0.5 billion; (2) unfavorable net vehicle mix of \$0.4 billion; (3) a decrease of \$0.2 billion resulting from the net effect of changes in an embedded foreign currency derivative asset associated with a long-term supply agreement; (4) decreased parts, accessories and powertrain engine and transmission sales of \$0.2 billion, associated with lower demand; (5) a decrease of \$0.2 billion due to unfavorable price effects; partially offset by (6) lower manufacturing and material costs of \$0.4 billion and (7) favorable net foreign currency effect of \$0.1 billion, due to the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound.

In the year ended December 31, 2011 EBIT (loss)-adjusted decreased by \$1.2 billion (or 61.8%) due primarily to: (1) higher restructuring charges of \$0.5 billion recorded in 2010 for separation programs in Belgium, Spain, Germany and the United Kingdom; (2) decreased manufacturing costs of \$0.3 billion related to the closing of the Antwerp, Belgium facility and European wide labor savings; (3) favorable net vehicle mix of \$0.2 billion; (4) an increase of \$0.2 billion in an embedded foreign currency exchange derivative asset associated with a long-term supply agreement entered into in 2010; (5) EBIT-adjusted from GMS of \$0.1 billion; offset by (6) unfavorable net foreign currency effect of \$0.1 billion; and (7) charges of \$0.1 billion related to a single customer's default under various commercial supply agreements.

***GM International Operations  
(Dollars in Millions)***

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
	Total net sales and revenue	\$ 27,690	\$ 24,761	\$ 20,561	\$ 2,929	11.8%	\$ 4,200
EBIT-adjusted	\$ 2,191	\$ 1,897	\$ 2,262	\$ 294	15.5%	\$ (365)	(16.1)%

***GMIO Total Net Sales and Revenue***

In the year ended December 31, 2012 Total net sales and revenue increased by \$2.9 billion (or 11.8%) due primarily to: (1) increased wholesale volumes of \$2.4 billion representing 146,000 vehicles due primarily to strong industry growth across the region; (2) favorable vehicle pricing of \$0.8 billion due to higher pricing on new models launched and (3) favorable vehicle mix of \$0.4 billion due to increased export of new products; partially offset by (4) unfavorable net foreign currency effect of \$0.6 billion due to the weakening of the Korean Won and South Africa Rand against the U.S. Dollar; and (5) unfavorable components, parts and accessories sales of \$0.1 billion.

In the year ended December 31, 2011 Total net sales and revenue increased by \$4.2 billion (or 20.4%) due primarily to: (1) increased wholesale volume of \$2.7 billion representing 113,000 vehicles due to strong industry growth across the region; (2) favorable net foreign currency effect of \$0.8 billion due to the strengthening of currencies such as the Australian Dollar, the Korean Won and the Euro against the U.S. Dollar; (3) favorable vehicle mix of \$0.5 billion due to launches of the Alpheon and Chevrolet Orlando; and (4) favorable vehicle pricing effect of \$0.2 billion due to higher pricing on new models launched and lower sales incentives.

The vehicle sales of our China JVs and of HKJV prior to September 1, 2012, the date we consolidated HKJV, are not recorded in Total net sales and revenue. The results of our nonconsolidated joint ventures are recorded in Equity income, net of tax and gain on investments. Refer to Notes 4 and 10 to our consolidated financial statements for further detail on the acquisition of HKJV.

***GMIO EBIT-Adjusted***

In the year ended December 31, 2012 EBIT-adjusted increased by \$0.3 billion (or 15.5%) due primarily to: (1) favorable pricing

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

of \$0.8 billion due to higher pricing on new models launched; (2) favorable net wholesale volumes of \$0.5 billion and (3) net gain of \$0.1 billion measured as the difference between the fair value of our 50% interest in HKJV and the investment's carrying amount at the date of acquisition; partially offset by (4) increased costs of \$0.9 billion due primarily to increased material, freight and manufacturing costs; and (5) unfavorable net vehicle mix of \$0.3 billion.

In the year ended December 31, 2011 EBIT-adjusted decreased by \$0.4 billion (or (16.1)%) due primarily to: (1) increased engineering expenses and other technology fees of \$0.5 billion to support new product development; (2) increased material, depreciation and amortization and other manufacturing costs of \$0.3 billion; (3) unfavorable net vehicle mix of \$0.2 billion; (4) increased advertising and sales promotion expenses of \$0.2 billion to support media campaigns for launches of new products and the launch of the Chevrolet brand in Korea; (5) unfavorable net foreign currency effect of \$0.1 billion; partially offset by (6) favorable net wholesale volumes of \$0.5 billion; (7) favorable pricing effect of \$0.2 billion due to higher pricing on new models launched and lower sales incentives; (8) increased equity income, net of tax, \$0.2 billion from the operating results of our China JVs; and (9) decreased non-controlling interest of \$0.2 billion attributable to minority shareholders.

***GM South America  
(Dollars in Millions)***

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
	Total net sales and revenue	\$ 16,950	\$ 16,877	\$ 15,379	\$ 73	0.4%	\$ 1,498
EBIT (loss)-adjusted	\$ 271	\$ (122)	\$ 818	\$ 393	n.m.	\$ (940)	n.m.

n.m. = not meaningful

***GMSA Total Net Sales and Revenue***

In the year ended December 31, 2012 Total net sales and revenue increased by \$0.1 billion (or 0.4%) due primarily to: (1) favorable vehicle mix of \$1.6 billion due to increased sales of Chevrolet Cruze and Chevrolet S10; (2) favorable vehicle pricing effect of \$0.5 billion, primarily in Argentina due to higher inflation and in Venezuela due to the hyperinflationary economy; and (3) increased revenue from parts and accessories sales of \$0.1 billion; partially offset by (4) unfavorable net foreign currency effect of \$1.5 billion, due to the strengthening of the U.S. dollar against major currencies such as the Brazilian Real and Argentinian Peso; and (5) decreased wholesale volumes of \$0.6 billion representing 44,000 vehicles (or 4.0%) due to deteriorated market share driven by increased competition and aggressive pricing in the market.

In the year ended December 31, 2011 Total net sales and revenue increased by \$1.5 billion (or 9.7%) due primarily to: (1) increased wholesale volumes of \$0.6 billion representing 59,000 vehicles (or 5.7%) due to improved macroeconomic conditions and industry growth throughout the region; (2) favorable net foreign currency effect of \$0.5 billion, due to the strengthening of currencies such as the Brazilian Real and Colombian Peso against the U.S. Dollar; (3) favorable vehicle pricing effect of \$0.3 billion, due primarily to the hyperinflationary economy in Venezuela; and (4) favorable vehicle mix of \$0.1 billion due primarily to increased sales of the Chevrolet Cruze.

***GMSA EBIT (Loss)-Adjusted***

In the year ended December 31, 2012 EBIT-adjusted was \$0.3 billion compared to EBIT (loss)-adjusted of \$0.1 billion in the year ended December 31, 2011 due primarily to: (1) favorable net vehicle mix of \$0.5 billion due to increased sales of Chevrolet Cruze and Chevrolet S10; (2) favorable vehicle pricing effect of \$0.5 billion, primarily in Argentina due to higher inflation and in Venezuela due to the hyperinflationary economy; (3) decreases in contingency reserves of \$0.1 billion due to the resolution of certain items at amounts lower than previously expected; and (4) a bargain purchase gain of \$50 million on the purchase of GMAC Venezuela; partially offset by (5) increased material, freight and manufacturing costs of \$0.5 billion, (6) unfavorable net wholesale volumes of \$0.2 billion; and (7) increased administrative and advertising and sales promotion expenses of \$0.1 billion to support launches of new products.

In the year ended December 31, 2011 EBIT-adjusted was a loss of \$0.1 billion compared to EBIT-adjusted of \$0.8 billion in the year ended December 31, 2010 due primarily to: (1) increased material and freight of \$0.7 billion; (2) increased manufacturing costs of \$0.3 billion; and (3) foreign currency transaction gains of \$0.3 billion recorded in 2010 due to preferential foreign currency exchange rates in Venezuela, which were discontinued in 2011; and (4) unfavorable \$0.1 billion related to separation costs; partially

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

offset by (5) favorable vehicle pricing effect of \$0.3 billion due primarily to the hyperinflationary economy in Venezuela.

In January 2010 the Venezuelan government announced that the official fixed exchange rate of 2.15 BsF to \$1.00 would be changed to a dual rate system that includes a 2.60 BsF to \$1.00 essentials rate for food, technology and heavy machine importers and a 4.30 BsF to \$1.00 non-essentials rate for all others. This devaluation required remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We used a rate of 4.30 BsF to \$1.00 to determine the remeasurement, which resulted in a charge of \$25 million recorded in Automotive cost of sales in the year ended December 31, 2010.

***GM Financial***  
***(Dollars in Millions)***

	Years Ended December 31,		Three Months Ended December 31, 2010	Year Ended 2012 vs. 2011 Change	
	2012	2011		Amount	%
Total revenue	\$ 1,961	\$ 1,410	\$ 281	\$ 551	39.1%
Income before income taxes	\$ 744	\$ 622	\$ 129	\$ 122	19.6%

***GM Financial Revenue***

In the year ended December 31, 2012 Total revenue increased by \$0.6 billion (or 39.1%) due primarily to: (1) increased finance charge income of \$0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of \$0.2 billion due to the increased size of the leased asset portfolio.

In the year ended December 31, 2011 Total revenue included finance charge income of \$1.2 billion and other income of \$0.2 billion.

In the three months ended December 31, 2010 Total revenue included finance charge income of \$0.3 billion. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010.

***GM Financial Income Before Income Taxes***

In the year ended December 31, 2012 Income before income taxes increased by \$0.1 billion (or 19.6%) due primarily to: (1) increased revenue of \$0.6 billion; partially offset by (2) increased leased vehicle expenses of \$0.1 billion due to a larger lease portfolio; (3) increased provision for loan losses of \$0.1 billion due to a larger loan portfolio; (4) increased interest expenses of \$0.1 billion primarily due to new debt; and (5) increased operating expenses of \$0.1 billion due to an increase of personnel to support company growth.

Average debt outstanding in the year ended December 31, 2012 was \$9.5 billion and the effective rate of interest of debt was 3.0%.

In the year ended December 31, 2011 results included: (1) Total revenue of \$1.4 billion; partially offset by (2) operating and leased vehicle expenses of \$0.4 billion; (3) interest expense of \$0.2 billion; and (4) provision for loan losses of \$0.2 billion. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, and other unsecured debt.

Average debt outstanding in the year ended December 31, 2011 was \$7.6 billion and the effective rate of interest of debt was 2.7%.

In the three months ended December 31, 2010 results included: (1) Total revenue of \$0.3 billion; partially offset by (2) operating and leased vehicle expenses of \$0.1 billion; and; (3) other collectively insignificant items.

Average debt outstanding in the three months ended December 31, 2010 was \$7.3 billion and the effective rate of interest debt was 2.0%.



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

**Corporate**  
**(Dollars in Millions)**

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	\$ 40	\$ 61	\$ 134	\$ (21)	(34.4)%	\$ (73)	(54.5)%
Net income (loss) attributable to stockholders	\$ 33,814	\$ (453)	\$ (877)	\$ 34,267	n.m.	\$ 424	(48.3)%

n.m. = not meaningful

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

**Corporate Total Net Sales and Revenue**

Total net sales and revenue includes revenue earned for portfolio management services performed for third-parties and the change in the year ended December 31, 2012 was insignificant.

In the year ended December 31, 2011 Total net sales and revenue decreased by \$0.1 billion (or 54.5%) due primarily to decreased revenue earned on portfolio management services performed for third-parties due to the planned reduction of third-party assets managed and decreased lease financing revenues related to the liquidation of the portfolio of automotive retail leases. Average outstanding retail leases on-hand decreased to a de minimus level at December 31, 2011 compared to 7,000 at December 31, 2010.

**Corporate Net Income (Loss) Attributable to Stockholders**

In the year ended December 31, 2012 Net income attributable to stockholders increased by \$34.3 billion due primarily to: (1) deferred tax asset valuation allowance reversals of \$36.3 billion in the U.S and Canada in 2012 as compared to \$0.5 billion in Australia in 2011, offset by other 2012 tax-related matters of \$0.9 billion; and (2) an impairment charge of \$0.6 billion in our investment in Ally Financial common stock in 2011; offset by (3) the premium paid to purchase our common stock from the UST of \$0.4 billion in December 2012; (4) a gain of \$0.3 billion related to the sale of our Ally Financial preferred stock in 2011; and (5) loss on extinguishment of debt in 2012 of \$0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In the year ended December 31, 2011 Net loss attributable to stockholders decreased by \$0.4 billion (or 48.3%) due primarily to: (1) an income tax benefit of \$0.3 billion compared to income tax expense of \$0.6 billion in 2010; (2) decreased interest expense of \$0.6 billion due to lower debt balances; and (3) a gain of \$0.3 billion related to the sale of our Ally Financial preferred stock; offset by (4) an impairment charge of \$0.6 billion on our investment in Ally Financial common stock; (5) gains on the extinguishment of debt of \$0.2 billion related to the repayment of the VEBA Notes and the elimination of the liability for the Adjustment Shares of \$0.2 billion in 2010; and (6) other collectively insignificant items.

**Liquidity and Capital Resources****Liquidity Overview**

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facilities will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. Our known material future uses of cash which may vary from time to time based on market conditions and other factors include, among other possible demands in 2013: (1) reinvestment in our business through capital expenditures of approximately \$8 billion as well as engineering and product development activities; (2) acquiring certain Ally Financial international operations for approximately \$4.2 billion; (3) payments to service debt and other long-term obligations; (4) dividend payments on our Series A and Series B Preferred Shares of \$0.9 billion; and (5) certain litigation and income and indirect tax-related administrative proceedings that may require that we make payments or deposit funds in escrow estimated at \$0.8 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

entitled "Risk Factors," some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

### *Recent Management Initiatives*

Maintaining minimal financial leverage remains a key strategic initiative. We continue to monitor and evaluate opportunities to optimize our liquidity position and capital structure in order to strengthen our balance sheet including options to fund and derisk our pension plans. We continue to evaluate potential repayments of obligations prior to maturity, certain of which may be deeply discounted. Any such repayments may negatively affect our liquidity in the short-term.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of \$27.50 per share for a total of \$5.5 billion. The purchase price represented a premium to the prior day's closing price of \$25.49. We allocated the purchase price between a direct reduction to shareholder's equity of \$5.1 billion and a charge to earnings of \$0.4 billion, representing the premium and recorded in Other automotive expenses, net.

In the year ended December 31, 2012 we made prepayments of \$0.8 billion on debt obligations with a carrying amount of \$0.5 billion. We recorded a loss on extinguishment of debt of \$0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of \$11.0 billion. These facilities replaced our five-year, \$5.0 billion secured revolving credit facility and provide additional liquidity, improved terms and increased financing flexibility including the ability to borrow in currencies other than U.S. dollars. The facilities are described below in greater detail.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company to pay and administer future annuity payments to certain of our salaried retirees. We provided the salaried pension plan with funding through contributions and short-term interest free loans of \$2.4 billion, of which \$2.3 billion was deemed a pension contribution at December 31, 2012. Refer to Note 18 to our consolidated financial statements for additional details on pension activities.

### *Investment Actions*

From time to time we consider the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may include additional loans, investments with our joint venture partners or the acquisitions of certain operations or ownership stakes in outside businesses. These actions may negatively impact our liquidity in the short-term.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire substantially all of Ally Financial's automotive finance and financial services business in Europe and Latin America and Ally Financial's equity interests in GMAC-SAIC that conducts automotive finance services operations in China. The purchase price to acquire this business and equity interests is approximately \$4.2 billion, subject to certain possible closing adjustments, and is expected to close in stages during 2013. Refer to Note 4 to our consolidated financial statements for additional information on our agreement to acquire certain Ally Financial international operations.

In September 2012 we acquired security interests in the mandatorily redeemable preferred shares issued by GM Korea for \$0.3 billion. The transaction did not meet the criteria for an extinguishment of the liability. Therefore we have classified these interests as an available-for-sale marketable security. GM Korea has since partially redeemed the mandatorily redeemable preferred shares which reduced the fair value of the security interests we hold to \$0.2 billion at December 31, 2012.

In February 2012 we entered into an agreement with PSA to create an alliance to leverage the strengths and capabilities of our two companies and acquired a seven percent equity stake in PSA for \$0.4 billion; against which we recorded impairment charges of \$0.2 billion in the three months ended December 31, 2012. Refer to Note 7 to our consolidated financial statements for additional information on our investment in PSA.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidating Statements of Cash Flows  
(In millions)

	Year Ended December 31, 2012			Year Ended December 31, 2011			Year Ended December 31, 2010		
	Automotive	GM Financial	Consolidated	Automotive	GM Financial	Consolidated	Automotive	GM Financial	Consolidated
<b>Cash flows from operating activities</b>									
Net income	\$ 5,569	\$ 567	\$ 6,136	\$ 8,850	\$ 437	\$ 9,287	\$ 6,413	\$ 90	\$ 6,503
Depreciation, impairment charges and amortization expense	38,546	216	38,762	7,344	83	7,427	6,923	7	6,930
Foreign currency remeasurement and transaction (gains) losses	117	—	117	56	(1)	55	209	1	210
Amortization of discount (premium) and issuance costs on debt issues	189	(1)	188	200	(40)	160	163	(28)	135
Undistributed earnings of nonconsolidated affiliates and gain on investments	(179)	—	(179)	(1,947)	—	(1,947)	(753)	—	(753)
Pension contributions and OPEB payments	(3,759)	—	(3,759)	(2,269)	—	(2,269)	(5,723)	—	(5,723)
Pension and OPEB (income) expense, net	3,232	—	3,232	(755)	—	(755)	412	—	412
(Gains) losses on extinguishment of debt	250	—	250	(18)	—	(18)	(196)	—	(196)
Provisions (benefits) for deferred taxes	(35,462)	(99)	(35,561)	(311)	(7)	(318)	242	12	254
Change in other investments and miscellaneous assets	(57)	—	(57)	(155)	—	(155)	(137)	—	(137)
Change in other operating assets and liabilities	630	57	687	(3,897)	(70)	(3,967)	(981)	15	(966)
Other operating activities	555	234	789	331	335	666	17	94	111
<b>Net cash provided by operating activities</b>	<b>9,631</b>	<b>974</b>	<b>10,605</b>	<b>7,429</b>	<b>737</b>	<b>8,166</b>	<b>6,589</b>	<b>191</b>	<b>6,780</b>
<b>Cash flows from investing activities</b>									
Expenditures for property	(8,055)	(13)	(8,068)	(6,241)	(8)	(6,249)	(4,200)	(2)	(4,202)
Available-for-sale marketable securities, acquisitions	(4,650)	—	(4,650)	(20,535)	—	(20,535)	(11,012)	—	(11,012)
Trading marketable securities, acquisitions	(6,234)	—	(6,234)	(6,571)	—	(6,571)	(358)	—	(358)
Available-for-sale marketable securities, liquidations	10,519	—	10,519	15,825	—	15,825	5,611	—	5,611
Trading marketable securities, liquidations	7,267	—	7,267	660	—	660	343	—	343
Acquisition of companies, net of cash acquired(a)	(44)	—	(44)	(53)	—	(53)	(3,580)	538	(3,042)
Increase due to consolidation of business units	—	—	—	—	—	—	63	—	63
Proceeds from sale of business units/investments, net	18	—	18	4,821	—	4,821	317	—	317
Increase in restricted cash and marketable securities	(525)	(136)	(661)	(543)	(185)	(728)	(871)	(47)	(918)
Decrease in restricted cash and marketable securities	1,043	483	1,526	1,894	173	2,067	13,823	92	13,915
Purchases and originations of finance receivables	—	(6,789)	(6,789)	—	(5,012)	(5,012)	—	(947)	(947)
Principal collections and recoveries on finance receivables	—	4,674	4,674	—	3,719	3,719	—	871	871
Purchases of leased vehicles, net	—	(1,050)	(1,050)	—	(837)	(837)	—	(11)	(11)
Proceeds from termination of leased vehicles	4	55	59	9	38	47	346	—	346
Other investing activities	(72)	—	(72)	106	—	106	236	21	257
<b>Net cash provided by (used in) investing activities</b>	<b>(729)</b>	<b>(2,776)</b>	<b>(3,505)</b>	<b>(10,628)</b>	<b>(2,112)</b>	<b>(12,740)</b>	<b>718</b>	<b>515</b>	<b>1,233</b>
<b>Cash flows from financing activities</b>									
Net increase (decrease) in short-term debt	(247)	—	(247)	131	—	131	(1,097)	—	(1,097)
Proceeds from issuance of debt (original maturities greater than three months)	436	8,600	9,036	467	8,567	9,034	718	1,168	1,886
Payments on debt (original maturities greater than three months)	(1,143)	(6,234)	(7,377)	(1,471)	(6,997)	(8,468)	(10,536)	(1,675)	(12,211)
Proceeds from issuance of stock	4	—	4	11	—	11	4,857	—	4,857
Payments to purchase stock	(5,098)	—	(5,098)	—	—	—	(1,462)	—	(1,462)
Payments to acquire noncontrolling interest	—	—	—	(100)	—	(100)	(6)	—	(6)
Debt issuance costs and fees paid for debt modifications	(72)	(48)	(120)	—	(50)	(50)	(161)	(4)	(165)
Cash dividends paid (including premium paid on redemption of Series A Preferred Stock)	(939)	—	(939)	(916)	—	(916)	(1,572)	—	(1,572)
<b>Net cash provided by (used in) financing activities</b>	<b>(7,059)</b>	<b>2,318</b>	<b>(4,741)</b>	<b>(1,878)</b>	<b>1,520</b>	<b>(358)</b>	<b>(9,259)</b>	<b>(511)</b>	<b>(9,770)</b>
Effect of exchange rate changes on cash and cash equivalents	(9)	1	(8)	(250)	(3)	(253)	(57)	—	(57)
Net transactions with Automotive/GM Financial	(200)	200	—	(235)	235	—	—	—	—
Net increase (decrease) in cash and cash equivalents	1,634	717	2,351	(5,562)	377	(5,185)	(2,009)	195	(1,814)
Cash and cash equivalents reclassified to assets held for sale	—	—	—	—	—	—	391	—	391
Cash and cash equivalents at beginning of period	15,499	572	16,071	21,061	195	21,256	22,679	—	22,679
<b>Cash and cash equivalents at end of period</b>	<b>\$ 17,133</b>	<b>\$ 1,289</b>	<b>\$ 18,422</b>	<b>\$ 15,499</b>	<b>\$ 572</b>	<b>\$ 16,071</b>	<b>\$ 21,061</b>	<b>\$ 195</b>	<b>\$ 21,256</b>

(a) Represents cash on hand at acquisition for GM Financial in the year ended December 31, 2010.

Automotive



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

***Available Liquidity***

Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. At December 31, 2012 our total available liquidity was \$37.2 billion, including funds available under credit facilities of \$11.1 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Available liquidity held within North America and at our regional treasury centers represented approximately 84% of our available liquidity at December 31, 2012. A portion of our available liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and certificates of deposits and corporate debt securities, and are primarily denominated in U.S. Dollars and CAD. We maintained cash investments in CAD denominated securities of \$6.6 billion at December 31, 2012. These cash investments will incur foreign exchange gains or losses based on the movement of the CAD in relation to the U.S. Dollar and will therefore reduce our net CAD foreign exchange exposure, which primarily relates to pension and OPEB liabilities. We expect to maintain a sufficient amount of CAD deposits and investments to offset the liabilities denominated in CAD and expect the amount of CAD denominated securities to decrease in 2013. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

Our investment guidelines, which we may change from time to time, prescribe certain minimum credit rating thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers. We actively monitor and manage our liquidity exposure to Europe which is related primarily to short-term bank deposits and short-term debt securities of high-quality European issuers. The following table summarizes our liquidity (dollars in millions):

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Cash and cash equivalents	\$ 17,133	\$ 15,499
Marketable securities	8,988	16,148
Available liquidity	26,121	31,647
Available under credit facilities	11,119	5,308
<b>Total available liquidity</b>	<b>\$ 37,240</b>	<b>\$ 36,955</b>

Total available liquidity increased by \$0.3 billion in the year ended December 31, 2012 due primarily to: (1) cash provided by operating activities of \$9.6 billion; and (2) an increase in amounts available under credit facilities of \$5.8 billion related to our new secured revolving credit facilities; partially offset by (3) capital expenditures of \$8.1 billion; and (4) cash used in financing activities of \$7.1 billion relating to the purchase of our common stock, debt prepayments and dividend payments.

***Credit Facilities***

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. The following table summarizes our credit facilities (dollars in millions):

	<b>Total Credit Facilities</b>		<b>Amounts Available Under Credit Facilities</b>	
	<b>December 31, 2012(a)</b>	<b>December 31, 2011</b>	<b>December 31, 2012(a)</b>	<b>December 31, 2011</b>
Secured revolving credit facilities	\$ 11,000	\$ 5,000	\$ 10,793	\$ 5,000
Other(b)	415	338	326	308
<b>Total</b>	<b>\$ 11,415</b>	<b>\$ 5,338</b>	<b>\$ 11,119</b>	<b>\$ 5,308</b>

(a) GM Financial has not borrowed under the three-year \$5.5 billion facility but has the ability to borrow up to \$4.0 billion.

(b) Consists of credit facilities available at our foreign subsidiaries that are not individually significant.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our primary borrowing capacity under credit facilities comes from our secured revolving credit facilities comprising a three-year, \$5.5 billion facility and a five-year, \$5.5 billion facility. We entered into the secured revolving credit facilities in November 2012 to replace our five-year, \$5.0 billion secured revolving credit facility that we entered into in October 2010. Obligations under the new secured revolving credit facilities are secured by the same collateral that had secured our prior facility. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, \$5.5 billion facility is available to GM Financial as well as other certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of \$4.0 billion, a multi-currency borrowing sub-limit of \$3.5 billion, a Brazilian Real borrowing sub-limit of \$0.5 billion, and a letter of credit sub-facility limit of \$1.5 billion. We had amounts in use under the letter of credit sub-facility of \$0.2 billion at December 31, 2012. We may borrow against this facility from time to time for strategic initiatives and for general corporate purposes.

The five-year, \$5.5 billion facility is not available to GM Financial and allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of \$0.5 billion. While we do not expect to draw on the five-year facility, it provides additional liquidity, financing flexibility and is available for general corporate purposes. Refer to Note 17 to our consolidated financial statements for additional details on our secured revolving credit facilities.

We and our subsidiaries use credit facilities to fund working capital needs and other general corporate purposes.

### **Cash Flow**

#### *Operating Activities*

In the year ended December 31, 2012 cash flows from operating activities increased by \$2.2 billion due primarily to: (1) increase in accrued and other liabilities of \$1.7 billion due primarily to dealer and customer sales allowances and warranty; (2) favorable changes in working capital of \$1.6 billion including the termination of advance wholesale agreements in GMNA which adversely impacted working capital in 2011; (3) favorable changes in daily rental fleet activities of \$0.9 billion; partially offset by (4) an increase in pension contributions and OPEB payments of \$1.5 billion relating to the contributions to the Retiree Plan for the purchase of annuity contracts partially offset by OPEB payments relating to the HCT settlement in 2011; and (5) the premium paid to purchase our common stock from the UST of \$0.4 billion in December 2012.

In the year ended December 31, 2011 cash flows from operating activities increased by \$0.8 billion due primarily to: (1) increased net income excluding depreciation, impairment charges and amortization of \$2.9 billion; (2) decreased pension cash contributions and OPEB payments in excess of expense of \$2.3 billion; partially offset by (3) unfavorable changes in working capital of \$1.6 billion due to the termination of the advance wholesale agreements and increased production; and (4) other activities of \$2.7 billion which include non-cash gains relating to the sale of our investments in New Delphi and Ally Financial preferred stock of \$1.9 billion. Significant pension and OPEB related activity included a cash contribution as part of the HCT settlement of \$0.8 billion in 2011 and a voluntary contribution made to our U.S. pension plans of \$4.0 billion in 2010. Refer to Note 18 to our consolidated financial statements for additional information on the HCT settlement.

#### *Investing Activities*

In the year ended December 31, 2012 cash flows from investing activities increased by \$9.9 billion due primarily to: (1) an increase in net liquidations of marketable securities of \$17.5 billion as we reinvested maturing marketable securities in shorter-term cash equivalents to rebalance our investment portfolio in the normal course of business; partially offset by (2) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of \$4.8 billion in 2011; (3) increased capital expenditures of \$1.8 billion as we continue to reinvest in our business; (4) a decrease in the release of restricted cash of \$0.8 billion related primarily to the release of restricted cash associated with implementation of the HCT in 2011; and (5) an increase in notes receivable of \$0.2 billion.

In the year ended December 31, 2011 cash flows from investing activities decreased by \$11.3 billion due primarily to: (1) a reduction in restricted cash returned from escrow accounts of \$11.6 billion; (2) an increase in net acquisitions of marketable securities with maturities exceeding 90 days of \$5.2 billion; and (3) increased capital expenditures of \$2.0 billion as we continue to reinvest in our business; partially offset by (4) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of \$4.8 billion in 2011; and (5) the acquisition of AmeriCredit Corp. for \$3.5 billion in 2010. The decrease in restricted cash was due to the release of \$1.0 billion following the implementation of the HCT in 2011 and the release of funds

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

held in an escrow account relating to the UST Credit Agreement of \$12.5 billion in 2010.

*Financing Activities*

In the year ended December 31, 2012 cash flows from financing activities decreased by \$5.2 billion due primarily to: (1) the purchase price less the applicable premium to acquire our common stock from the UST of \$5.1 billion; and (2) issuance fees paid to enter into our new secured revolving credit facilities of \$0.1 billion in 2012.

In the year ended December 31, 2011 cash flows from financing activities increased by \$7.4 billion due primarily to: (1) a reduction in payments made in excess of proceeds received from debt obligations of \$10.0 billion related to the repayment of our indebtedness under the UST Credit Agreement of \$5.7 billion, Canadian Loan of \$1.3 billion, principal payments of the VEBA Notes of \$2.5 billion and repayment of GM Korea's credit facility of \$1.2 billion in 2010; and (2) purchase of the Series A Preferred Stock shares held by the UST of \$2.1 billion in 2010; partially offset by (3) proceeds received from the issuance of our Series B Preferred Stock of \$4.9 billion in 2010.

*Free Cash Flow and Adjusted Free Cash Flow*

Management believes free cash flow and adjusted free cash flow provides meaningful supplemental information regarding the liquidity of our automotive operations and its ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations less capital expenditures. We measure adjusted free cash flow as free cash flow adjusted for certain voluntary management actions, primarily related to strengthening our balance sheet. These voluntary management actions represent items that management does not consider when assessing and managing the operational and financial performance of the organization and its management teams. Management believes that adjusting for these actions allows for greater transparency of operating trends and performance between periods. While management believes that free cash flow and adjusted free cash flow provide useful information, they are not operating measures under U.S. GAAP and there are limitations associated with their use. Our calculation of free cash flow and adjusted free cash flow may not be completely 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 free cash flow and adjusted free cash flow has limitations and should not be considered in isolation from, or as a substitute for, other measures such as cash flows from operating activities. Due to these limitations, free cash flow and adjusted free cash flow are used as supplements to U.S. GAAP measures. The following table summarizes free cash flow and adjusted free cash flow (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Operating cash flow	\$ 9,631	\$ 7,429	\$ 6,589
Less: capital expenditures	(8,055)	(6,241)	(4,200)
Free cash flow	1,576	1,188	2,389
Adjustments for voluntary management actions	2,712	1,830	4,000
Adjusted free cash flow	\$ 4,288	\$ 3,018	\$ 6,389

Adjustments for voluntary management actions include the following items: voluntary contributions to the Retiree Plan of \$2.3 billion for the purchase of annuity contracts and the premium paid to purchase our common stock from the UST of \$0.4 billion in December 2012; termination of in-transit wholesale advance agreement in GMNA resulting in an increase to accounts receivable of \$1.1 billion and OPEB payments relating to the HCT settlement of \$0.8 billion in 2011; and a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of \$4.0 billion in 2010.

*Other Liquidity Issues**Status of Credit Ratings*

We receive credit ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P).

Moody's, Fitch and S&P currently rate our corporate credit at non-investment grade while DBRS Limited rates our corporate credit as investment grade. The following table summarizes our credit ratings at February 8, 2013:



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

	Rating Agency	Corporate	Secured Revolving Credit Facilities	Outlook
DBRS Limited		BBB (low)	N/A	Stable
Fitch		BB+	BBB-	Stable
Moody's		Ba1	Baa2	Positive
S&P		BB+	BBB	Stable

Rating actions taken by each of the credit rating agencies from January 1, 2012 through February 8, 2013 were as follows:

DBRS Limited: September 2012 - Upgraded corporate rating to BBB (low) from BB (high).

Fitch: November 2012 - Assigned a rating of BBB- to our secured revolving credit facilities.

August 2012 - Upgraded corporate rating to BB+ from BB and changed their outlook to stable from positive.

Moody's: November 2012 - Assigned a rating of Baa2 to our secured revolving credit facilities.

S&P: November 2012 - Assigned a rating of BBB to our secured revolving credit facilities.

We continue to pursue investment grade status by maintaining a balance sheet with minimal financial leverage and demonstrating continued operating performance. Achieving investment grade status will provide us with greater financial flexibility, lower our cost of borrowing and may release collateral from certain agreements including our secured revolving credit facilities.

#### *Series A Preferred Stock*

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding at a redemption price equal to \$25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. Our ability to redeem any portion of this \$6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

### **Automotive Financing**

#### *Liquidity Overview*

GM Financial's primary sources of cash are finance charge income, servicing fees, net distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions, collections and recoveries on finance receivables and net proceeds from senior notes transactions. GM Financial's primary uses of cash are purchases and originations of finance receivables and leased assets, repayment of credit facilities, securitization of notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities and operating expenses.

GM Financial used cash of \$5.6 billion, \$5.0 billion and \$0.9 billion for the purchase of consumer finance receivables in the years ended December 31, 2012 and 2011 and the three months ended December 31, 2010. GM Financial used cash of \$1.2 billion for the origination of commercial finance receivables in the year ended December 31, 2012. GM Financial used cash of \$1.1 billion and \$0.8 billion for the purchase of leased vehicles in the years ended December 31, 2012 and 2011. These purchases and originations were funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

GM Financial received cash of \$4.0 billion, \$3.7 billion and \$0.9 billion from collections and recoveries on consumer finance receivables in the years ended December 31, 2012 and 2011 and the three months ended December 31, 2010 and \$0.7 billion from collections on commercial finance receivables in the year ended December 31, 2012.

#### *Available Liquidity*

The following table summarizes GM Financial's available liquidity for daily operations (dollars in millions):

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

	December 31, 2012	December 31, 2011
Cash and cash equivalents	\$ 1,289	\$ 572
Borrowing capacity on unpledged eligible receivables	706	387
Borrowing capacity on unpledged eligible leased assets	643	294
Available liquidity	<u>\$ 2,638</u>	<u>\$ 1,253</u>

The increase in liquidity is due primarily to the issuance of senior notes of \$1.0 billion, improved credit performance on consumer finance receivables which led to an increase in distributions from trusts and the settlement of several older securitizations with high enhancement levels.

As previously described GM Financial has the ability to borrow up to \$4.0 billion against our three-year \$5.5 billion secured revolving credit facility. GM Financial's borrowings under the facility are limited by our ability to borrow the entire amount available under the facility. Therefore GM Financial may be able to borrow up to \$4.0 billion or may be unable to borrow depending on our borrowing activity. If GM Financial does borrow under the facility it expects such borrowings would be short-term in nature. Neither GM Financial, nor any of its subsidiaries, guarantee any obligations under this facility and none of its subsidiaries' assets secure this facility.

**Senior Notes**

In August 2012 GM Financial issued 4.75% senior notes of \$1.0 billion which are due in August 2017 with interest payable semiannually. GM Financial intends to use the net proceeds from this offering for general corporate purposes including, but not limited to, acquisitions.

In June 2011 GM Financial issued 6.75% senior notes of \$0.5 billion which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of \$0.1 billion from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

Refer to Note 17 to our consolidated financial statements for additional details about these debt issuances.

**Credit Facilities**

In the normal course of business, in addition to using available cash, GM Financial pledges assets to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy.

The following table summarizes those credit facilities (dollars in millions):

	December 31, 2012		December 31, 2011	
	Facility Amount	Advances Outstanding	Facility Amount	Advances Outstanding
Syndicated warehouse facility(a)	\$ 2,500	\$ —	\$ 2,000	\$ 621
Canada lease warehouse facility(b)	\$ 803	354	\$ 589	181
U.S. lease warehouse facility(c)	\$ 600	—	\$ 600	—
Medium-term note facility(d)		—		294
Bank funding facility		—		3
Total		<u>\$ 354</u>		<u>\$ 1,099</u>

(a) In May 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the receivables pledged until February 2020 when the remaining balance will be due and payable.

(b) In July 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until January 2019 when any remaining balance will be due and payable. The facility amount represents CAD \$800 million and CAD \$600 million at December 31, 2012 and 2011, and the advances outstanding amount represents CAD \$353 million and CAD \$185 million at December 31, 2012 and 2011.

(c) In January 2013 GM Financial extended the maturity date of this facility to May 2014. In May 2014 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until November 2019 when any remaining amount outstanding will be due and payable.

(d) In October 2012 this facility was paid in full and subsequently terminated.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings and/or remove GM Financial as servicer. As of December 31, 2012 GM Financial was in compliance with all covenants in its credit facilities.

**Defined Benefit Pension Plan Contributions**

Eligible U.S. salaried employees hired prior to January 2001 participated in a defined benefit pension plan which was frozen as of September 30, 2012. All eligible salaried employees now participate in a defined contribution plan. Hourly employees hired prior to October 15, 2007 generally participate in plans which provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Hourly employees hired after October 15, 2007 participate in a defined contribution plan. Our policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2012 all legal funding requirements had been met. We expect to contribute \$0.1 billion to our U.S. non-qualified plans and \$0.8 billion to our non-U.S. pension plans in 2013.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. hourly and salaried	\$ 2,420	\$ 1,962	\$ 4,095
Non-U.S.	855	836	777
<b>Total contributions</b>	<b>\$ 3,275</b>	<b>\$ 2,798</b>	<b>\$ 4,872</b>

In 2012 we provided short-term, interest-free, unsecured loans to the Retiree Plan to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. In August 2012 we loaned the Retiree Plan \$2.0 billion with principal due within 90 days. In the three months ended December 31, 2012 \$1.5 billion of the \$2.0 billion loan was contributed to the Retiree Plan, \$0.3 billion was repaid to us and the remaining \$0.3 billion, which had been converted into a new interest-free loan, is due on or before April 15, 2013. In October 2012 we provided a loan of \$0.2 billion to the Retiree Plan that was repaid to us in December 2012. At December 31, 2012 \$0.2 billion of the remaining \$0.3 billion loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us.

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock, valued at \$2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at \$1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

The following table summarizes the underfunded status of pension plans on a U.S. GAAP basis (dollars in billions):

	December 31, 2012	December 31, 2011
U.S. hourly and salaried	\$ 13.1	\$ 13.3
U.S. nonqualified	0.9	0.9
<b>Total U.S. pension plans</b>	<b>14.0</b>	<b>14.2</b>
Non-U.S.	13.8	11.2
<b>Total underfunded</b>	<b>\$ 27.8</b>	<b>\$ 25.4</b>

The U.S. pension plans were underfunded by \$14.0 billion and \$14.2 billion at December 31, 2012 and 2011. The change in funded status was due primarily to: (1) actuarial losses due primarily to discount rate decreases of \$8.4 billion; and (2) service and interest costs of \$4.5 billion; partially offset by (3) actual return on plan assets of \$10.3 billion; and (4) contributions of \$2.4 billion.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

The non-U.S. pension plans were underfunded by \$13.8 billion and \$11.2 billion at December 31, 2012 and 2011. The change in funded status was due primarily to: (1) actuarial losses of \$2.8 billion; (2) service and interest costs of \$1.5 billion; (3) net unfavorable foreign currency translation effect of \$0.3 billion; and (4) costs primarily related to plan amendments and other of \$0.2 billion; partially offset by (5) actual return on plan assets of \$1.3 billion; and (6) contributions and benefit payments of \$0.9 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the unfunded status of OPEB plans (dollars in billions):

	December 31, 2012	December 31, 2011
U.S. OPEB plans	\$ 6.3	\$ 5.8
Non-U.S. OPEB plans	1.5	1.5
Total unfunded	\$ 7.8	\$ 7.3

Refer to Note 18 to our consolidated financial statements for the change in benefit obligations and related plan assets.

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(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2013	\$ 6,052	\$ 1,491	\$ 421	\$ 63
2014	\$ 5,912	\$ 1,507	\$ 373	\$ 65
2015	\$ 5,861	\$ 1,546	\$ 366	\$ 67
2016	\$ 5,674	\$ 1,575	\$ 360	\$ 70
2017	\$ 5,558	\$ 1,588	\$ 356	\$ 72
2018 - 2022	\$ 25,259	\$ 8,092	\$ 1,713	\$ 391

(a) 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.

**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, 2012 and 2011.

**Guarantees Provided to Third-Parties**

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third-parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was \$1.4 billion and \$1.1 billion at December 31, 2012 and 2011.

Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ended in August 2012 for vehicles invoiced through August 2011, ends in August 2013 for vehicles invoiced through August 2012 and ends in August 2014 for vehicles invoiced through August 2013.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be \$22.1 billion

[Table of Contents](#)

and \$19.0 billion at December 31, 2012 and 2011. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was \$15 million and \$17 million at December 31, 2012 and 2011 which considers the likelihood of dealers terminating and estimating the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 20 and 27 to our consolidated financial statements for additional information on guarantees we have provided.

**Contractual Obligations and Other Long-Term Liabilities**

We have the following 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. Based on this definition, 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, 2012 (dollars in millions):

	Payments Due by Period				Total
	2013	2014-2015	2016-2017	2018 and after	
Automotive debt(a)	\$ 1,117	\$ 559	\$ 1,422	\$ 2,064	\$ 5,162
Automotive Financing debt(b)	3,760	4,096	2,511	500	10,867
Capital lease obligations	172	229	332	305	1,038
Automotive interest payments(c)	145	620	350	263	1,378
Automotive Financing interest payments(d)	263	346	173	14	796
Postretirement benefits(e)	277	490	26	—	793
Contractual commitments for capital expenditures	530	7	—	—	537
Operating lease obligations(f)	340	457	225	316	1,338
Other contractual commitments:					
Material	613	378	204	80	1,275
Marketing	1,008	808	256	283	2,355
Rental car repurchases	3,293	—	—	—	3,293
Policy, product warranty and recall campaigns liability	3,059	3,202	917	208	7,386
Other	1,380	215	64	513	2,172
Total contractual commitments(g)(h)(i)	\$ 15,957	\$ 11,407	\$ 6,480	\$ 4,546	\$ 38,390
Non-contractual postretirement benefits(j)	\$ 207	\$ 381	\$ 831	\$ 13,275	\$ 14,694

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2012.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes principal amounts have been classified based on maturity date.

(c) 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, 2012.

(d) GM Financial interest payments are calculated based on London Interbank Offered Rate or Canadian Dealer Offered Rate plus the respective credit spreads and specified fees associated with the Canada lease warehouse facility, the coupon rate for the senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2016. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2012.

(h) 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, 2012.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

- (i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2013 to 2014 related to our Opel/Vauxhall restructuring plan. Refer to Note 20 to our consolidated financial statements for further detail.
- (j) Amount includes all expected future payments for both current and expected future service at December 31, 2012 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

The table above does not reflect unrecognized tax benefits of \$2.7 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts.

***Pension Funding Requirements***

In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status or funding contemplated under our derisking initiatives.

We have implemented and completed a balance sheet derisking strategy, comprising certain actions related to our U.S. salaried pension plan. These actions include payment of lump-sums to retirees, the purchase of group annuity contracts from an insurance company and the settlement of other previously guaranteed obligations. We provided the salaried pension plan with funding through contributions and short-term interest free loans of \$2.4 billion, consisting of contributions of \$1.5 billion and \$0.7 billion, and a loan of \$0.3 billion. At December 31, 2012 \$0.2 billion of the remaining \$0.3 billion loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us. Through these transactions we have settled the remaining obligations of the Retiree Plan in their entirety.

We do not have any required contributions payable to our U.S. qualified plans in 2013. We expect to contribute \$0.1 billion to our U.S. non-qualified plans and \$0.8 billion to our non-U.S. pension plans in 2013.

**Fair Value Measurements**

Refer to Note 19 to our consolidated financial statements for additional information regarding Level 3 measurements.

**Dividends**

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. Since our formation we have not paid any dividends on our common stock and have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments and other factors.

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

The following table summarizes dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Series A Preferred Stock(a)	\$ 621	\$ 621	\$ 810
Series B Preferred Stock(b)	238	243	—
<b>Total Preferred Stock dividends paid</b>	<b>\$ 859</b>	<b>\$ 864</b>	<b>\$ 810</b>

(a) Does not include the \$677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST in the year

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

ended December 31, 2010.

(b) Cumulative unpaid dividends on our Series B Preferred Stock was \$20 million, \$20 million and \$25 million at December 31, 2012, 2011 and 2010.

**Critical Accounting Estimates**

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

***Pensions***

The 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 and a discount rate. The expected 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 January 2013 an investment policy study was completed for the U.S. pension plans taking into account the new plan structures that followed the derisking initiatives and annuity transactions executed during the second half of 2012. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term return on assets. The weighted-average long-term return on assets decreased from 6.2% at December 31, 2011 to 5.8% due primarily to lower yields on fixed income securities. The U.S. hourly plan assets now represent 91% of the total U.S. pension plan assets compared to 65% at the end of 2011.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this 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 to calculate a single equivalent discount rate.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect 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 following table summarizes the unamortized actuarial loss (before tax) on pension plans (dollars in billions):

	December 31, 2012		December 31, 2011	
Unamortized actuarial loss	\$	6.2	\$	3.8

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



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

	U.S. Plans		Non-U.S. Plans	
	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO
25 basis point decrease in discount rate	-\$110	+\$2,250	+\$65	+\$943
25 basis point increase in discount rate	+\$100	-\$2,190	-\$56	-\$892
25 basis point decrease in expected return on assets	+\$160	N/A	+\$37	N/A
25 basis point increase in expected return on assets	-\$150	N/A	-\$37	N/A

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S. hourly pension plan at December 31, 2012 (dollars in millions):

	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO
<b>Change in future benefit units</b>		
One percentage point increase in benefit units	+\$74	+\$227
One percentage point decrease in benefit units	-\$72	-\$220

Refer to Note 18 to our consolidated financial statements for the expected weighted-average long-term rate of return on plan assets, weighted-average discount rate on plan obligations and actual and expected return on plan assets. Refer to Note 3 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***

We evaluate the need for deferred tax asset valuation allowances based on a more likely than not standard. 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. We consider the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

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 anticipated results as the primary measure of cumulative losses in recent years.

The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations.

At December 31, 2012, as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

the completion of near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of \$33.2 billion and \$3.1 billion. We retained valuation allowances of \$2.3 billion against deferred tax assets in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards which we continue to believe do not meet the more likely than not threshold for releasing the valuation allowance. We retained additional valuation allowances of \$8.7 billion against non-U.S. deferred tax assets primarily related to GME and South Korea business units with losses.

At December 31, 2011, as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of \$0.5 billion.

If the remaining valuation allowance jurisdictions experience profitability in the future, utilization of tax attributes to offset taxable income will reduce the overall level of deferred tax assets subject to valuation allowances. In the periods in which the valuation allowances are released, we will record a tax benefit reflecting the release, which will reduce our effective tax rate.

Valuation allowance reversals in the U.S. and Canada contributed to goodwill impairment charges of \$26.4 billion in the GMNA reporting unit in the three months ended December 31, 2012. In South Korea future valuation allowance reversals may result in additional goodwill impairment. Refer to Note 12 to our consolidated financial statements for additional information related to goodwill impairment charges.

In future periods, our effective tax rate should approach the U.S. statutory tax rate. If law is enacted that reduces the U.S. statutory rate, we would record a significant reduction to the net deferred tax assets and related increase to income tax expense in the period that includes the enactment date of the tax rate change.

***Valuation of Vehicle Operating Leases***

In our and GM Financial's accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual values represent estimates of the market values of the vehicles at the end of the lease term. A retail lease customer is obligated to make payments during the term of a lease, up to five years, to the contract residual. A retail lease customer is not obligated to purchase a vehicle at the end of a lease. Sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Generally, the terms under these arrangements are up to 24 months, however, the daily rental car companies can and do return the vehicles earlier, averaging nine months or less. We and GM Financial are exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual values are evaluated and adjustments are made to the extent the expected values of the vehicles at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the corresponding carrying amount.

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

We and GM Financial continue to use forecasted auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated.

The following table summarizes recorded impairment charges related to leases to daily rental car companies (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Automotive leases to daily rental car companies	\$ 181	\$ 151	\$ 49

***Impairment of Goodwill***

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the three months ended December 31, 2012, 2011 and 2010 we performed our annual goodwill impairment testing as of October 1 for all reporting units, which are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. In the years ended December 31, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units. Based on our testing procedures we recorded Goodwill impairment charges of \$27.1 billion and \$1.3 billion in the years ended December 31, 2012 and 2011 associated with our GMNA, GME, GM Korea, GM South Africa and GM Holden, Ltd. (Holden) reporting units.

Refer to Note 12 to our consolidated financial statements for additional information on Goodwill impairments, including information pertaining to the determination of the fair values of our reporting units requiring a Step 2 analysis, and the risks of future goodwill impairment charges.

Subsequent to the recording of the Goodwill impairment charges in the year ended December 31, 2012 we had Goodwill of \$2.0 billion at December 31, 2012 which predominantly arose upon the acquisition of AmeriCredit Corp. compared to \$29.0 billion at December 31, 2011 which predominantly arose upon the application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712, "Compensation - Nonretirement Postemployment Benefits" (ASC 712) and ASC 715, "Compensation - Retirement Benefits" and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes." The application of ASC 712 and 715 during fresh-start reporting resulted in our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, upon the application of fresh-start reporting, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted.

Since fresh-start reporting the differences between these fair value-to-U.S. GAAP amounts; (1) have decreased because of decreases in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk; (2) have decreased due to improvements in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values; and/or (3) decreased due to a change in the fair values of our estimated employee benefit obligations. Decreases also occurred from reversals of our deferred tax asset valuation allowances. The fair value-to-U.S. GAAP differences decreases for these reasons have resulted in the decline of implied goodwill in each of the years ended December 31, 2012 and 2011. At the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value or the reporting unit has a negative carrying amount, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value-to-U.S. GAAP differences that gave rise to goodwill upon application of fresh-start reporting.

For purposes of our 2012 annual impairment testing procedures at October 1, 2012, the estimated fair values of our more significant reporting units exceeded their carrying amounts by 111.8% for GMNA, 57.9% for GM Mercosur and 14.7% for GM Financial. In calculating the fair values of our more significant reporting units during our 2012 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our weighted-average cost of capital (WACC) increased by 1,000 basis points for GMNA and 160 basis points for GM Mercosur. GM Financial's forecasted equity-to-managed asset retention ratio by 2015 was 12.5% and held constant thereafter. GM Korea's fair value continued to be below its carrying amount. GM Financial's fair value would still exceed its carrying amount had equity to managed assets retention ratio increased 160 basis points by 2015. Subsequent to our 2012 annual goodwill impairment testing, we reversed deferred tax asset valuation allowances of \$36.2 billion for our GMNA reporting unit causing its carrying amount to exceed its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012. Based on our testing we determined that the differences between the fair value-to-U.S. GAAP amounts decreased primarily due to the recorded amount of our deferred tax assets exceeding their fair values, which under ASC 805, "Business Combinations" results in less implied goodwill. Based on this event-driven impairment test we recorded a Goodwill impairment charge of \$26.4 billion in the year ended December 31, 2012 within our GMNA segment.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

For purposes of our 2011 annual impairment testing procedures, the estimated fair values of our more significant reporting units exceeded their carrying amounts by 12.3% for GMNA, 24.7% for Holden, 56.8% for GM Mercosur and 10.3% for GM Financial. In calculating the fair values of our more significant reporting units during our 2011 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our WACC increased by 150 basis points for GMNA, 410 basis points for Holden and 430 basis points for GM Mercosur. GM Financial's forecasted equity-to-managed asset retention ratio by 2014 was 12.5% and held constant thereafter. GM Financial's fair value would still exceed its carrying amount had equity-to-managed assets retention ratio increased 230 basis points by 2014.

Based on the fair value measures determined during our 2012 and 2011 annual and event-driven impairment tests we determined the fair values of those reporting units requiring a Step 2 analysis (GMNA, GME, GM Korea, GM South Africa and Holden) had not increased sufficiently to give rise to an implied goodwill amount other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting.

The key assumptions utilized in determining the fair value-to-U.S. GAAP differences giving rise to the implied goodwill for the reporting units requiring a Step 2 analysis are: (1) the determination of our nonperformance risk; (2) interest rates; (3) estimates of our employee benefit related obligations and; (4) the estimated timing of the utilization of our deferred tax assets, including our determination whether it is more likely than not that the deferred tax assets will be utilized. Of these factors, the amount of implied goodwill within GMNA was most sensitive to our determination whether it is more likely than not that the deferred tax assets will or will not be utilized. Within GME the goodwill assessment was most sensitive to changes in our nonperformance risk, interest rates and estimates of our employee benefit related obligations. The GM Korea goodwill assessment is and the Holden goodwill assessment was most sensitive to our determination of whether it is more likely than not that their deferred tax assets will or will not be utilized. The GM South Africa goodwill assessment was most sensitive to changes in our estimates of our employee benefit related obligations. The \$27.1 billion of impairment charges recorded in the year ended December 31, 2012 was primarily driven by the \$36.2 billion reversal of our deferred tax asset valuation allowances for our GMNA reporting unit. Refer to Note 21 to our consolidated financial statements for additional information on the reversal of our valuation allowances for our U.S. and Canadian operations.

In the future we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing because GM Korea's fair value is less than its carrying amount, which increases the likelihood of measuring goodwill for further impairment in the near-term. At December 31, 2012 GM Korea has \$466 million of recorded goodwill.

### ***Impairment 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 the fair value for the long-lived assets or in certain cases, the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. 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. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs.

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs. An in-exchange premise was determined to be the highest and best use of the assets which is different than the assets' current use due to the overall European macro-economic environment. Refer to Notes 11 and 13 to our consolidated financial statements for additional information on the impairment charges recorded and related fair value measurements.

### *Sales Incentives*

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive sales and revenue, and in certain instances, as an increase to Automotive cost of sales, 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 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 and 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 sales and revenue or increase to Automotive cost of sales 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 sales and revenue or increase to Automotive cost of sales for sales 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.

### *Policy, Product Warranty and Recall Campaigns*

The estimated costs related to policy and product warranties are accrued at the time products are sold. Estimated costs related to product recalls are based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. 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. However where little or no claims experience exists for a model year or a vehicle line, the estimate is based on comparable models. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. 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.

### **Forward-Looking Statements**

In this report and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing;
- Our continued ability to develop captive financing capability, including GM Financial;
- GM Financial's ability to successfully integrate certain Ally Financial international operations;
- Overall strength and stability of the automotive industry, both in the U.S. and in global markets, particularly Europe;
- Continued economic instability or poor economic conditions in the U.S., Europe and other global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, 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;
- 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 other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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**Item 7A. Quantitative and Qualitative Disclosures About Market Risk****Automotive**

We enter into a variety of foreign currency exchange and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in certain foreign currency exchange rates and commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee comprises members of our management and functions under the oversight of the Audit Committee, a committee of the Board of Directors. The Audit Committee assists and guides 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 Risk Management Committee. Our risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

Further information on our exposure to market risk is included in Note 19 to our consolidated financial statements.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk and equity price 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 the operations. At December 31, 2012 our three most significant foreign currency exposures were the Euro/British Pound, U.S. Dollar/Korean Won and Euro/Korean Won. 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, 2012 such contracts had remaining maturities of up to 12 months.

At December 31, 2012 and 2011 the net fair value liability of financial instruments with exposure to foreign currency risk was \$4.0 billion and \$4.2 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes 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 be \$671 million and \$637 million at December 31, 2012 and 2011.

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,	
	2012	2011
Foreign currency translation losses recorded in Accumulated other comprehensive loss	\$ 118	\$ 167
Losses resulting from foreign currency transactions and remeasurements recorded in earnings	\$ 117	\$ 56



**GENERAL MOTORS COMPANY AND SUBSIDIARIES*****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, 2012 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Short-term debt - fixed rate	\$ 749	\$ 573
Short-term debt - variable rate	999	1,109
<b>Total short-term debt</b>	<b>\$ 1,748</b>	<b>\$ 1,682</b>
Short-term debt - fixed rate denominated in U.S. Dollars	\$ 186	\$ 135
Short-term debt - fixed rate denominated in foreign currency	563	438
<b>Total short-term debt - fixed rate</b>	<b>\$ 749</b>	<b>\$ 573</b>
Short-term debt - variable rate denominated in U.S. Dollars	\$ 140	\$ 192
Short-term debt - variable rate denominated in foreign currency	859	917
<b>Total short-term debt - variable rate</b>	<b>\$ 999</b>	<b>\$ 1,109</b>
Long-term debt - fixed rate	\$ 3,254	\$ 3,536
Long-term debt - variable rate	170	77
<b>Total long-term debt</b>	<b>\$ 3,424</b>	<b>\$ 3,613</b>
Long-term debt - fixed rate denominated in U.S. Dollars	\$ 663	\$ 525
Long-term debt - fixed rate denominated in foreign currency	2,591	3,011
<b>Total long-term debt - fixed rate</b>	<b>\$ 3,254</b>	<b>\$ 3,536</b>
Long-term debt - variable rate denominated in U.S. Dollars	\$ 28	\$ 32
Long-term debt - variable rate denominated in foreign currency	142	45
<b>Total long-term debt - variable rate</b>	<b>\$ 170</b>	<b>\$ 77</b>

At December 31, 2012 and 2011 the fair value liability of debt and capital leases was \$5.3 billion and \$5.5 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be \$112 million and \$152 million at December 31, 2012 and 2011.

We invest in marketable securities of various types and maturities, the value of which are subject to fluctuations in interest rates. Our marketable securities portfolio includes marketable securities classified as available-for-sale and trading.

At December 31, 2012 and 2011 we had marketable securities of \$3.8 billion and \$10.1 billion classified as available-for sale with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be \$28 million and \$28 million at December 31, 2012 and 2011.

At December 31, 2012 and 2011 we had marketable securities of \$5.2 billion and \$6.0 billion classified as trading with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be \$8 million and \$20 million at December 31, 2012 and 2011.

***Equity Price Risk***

At December 31, 2012 the carrying amount of our investment in Ally Financial common stock was \$399 million, the carrying amount of our investment in PSA was \$179 million and the carrying amount of other investments was \$21 million. At December 31,

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

2011 the carrying amount of our investment in Ally Financial common stock was \$403 million and the carrying amount of other investments was \$36 million. These amounts represent the maximum exposure to loss from these investments.

**Automotive Financing - GM Financial**

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

***Credit Facilities***

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.

***Securitizations***

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.

***Derivatives***

GM Financial had interest rate swaps and caps in asset positions with notional amounts of \$775 million and \$2.0 billion at December 31, 2012 and 2011. GM Financial had interest rate swaps and caps in liability positions with notional amounts of \$775 million and \$2.0 billion at December 31, 2012 and 2011. 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, 2012 (dollars in millions):

	Years Ending December 31,						December 31, 2012
	2013	2014	2015	2016	2017	Thereafter	Fair Value
<b>Assets</b>							
Consumer finance receivables							
Principal amounts	\$ 4,108	\$ 2,860	\$ 1,895	\$ 1,209	\$ 673	\$ 315	\$ 10,759
Weighted-average annual percentage rate	14.54%	14.39%	14.25%	14.10%	13.95%	13.84%	
Commercial finance receivables							
Principal amounts	\$ 507	\$ 6	\$ 3	\$ 3	\$ 35	\$ 6	\$ 554
Weighted-average annual percentage rate	3.78%	3.80%	3.76%	3.78%	3.47%	4.53%	
<b>Liabilities</b>							
Credit facilities							
Principal amounts	\$ 354	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 354
Weighted-average interest rate	0.64%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	\$ 3,406	\$ 2,324	\$ 1,772	\$ 1,073	\$ 438	\$ —	\$ 9,171
Weighted-average interest rate	2.33%	2.70%	3.03%	3.05%	2.99%	—%	
Senior notes							
Principal amounts	\$ —	\$ —	\$ —	\$ —	\$ 1,000	\$ 500	\$ 1,620
Weighted-average interest rate	—%	—%	—%	—%	4.75%	6.75%	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

expected maturity and the fair value of those assets and liabilities at December 31, 2011 (dollars in millions):

	Years Ended and Ending December 31,						December 31, 2011
	2012	2013	2014	2015	2016	Thereafter	Fair Value
<b>Assets</b>							
Finance receivables							
Principal amounts	\$ 3,889	\$ 2,571	\$ 1,532	\$ 946	\$ 548	\$ 265	\$ 9,386
Weighted-average annual percentage rate	15.19%	15.04%	14.87%	14.71%	14.52%	14.60%	
<b>Liabilities</b>							
Credit facilities							
Principal amounts	\$ 1,099	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,099
Weighted-average interest rate	1.88%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	\$ 3,164	\$ 1,481	\$ 1,022	\$ 720	\$ 422	\$ 86	\$ 6,946
Weighted-average interest rate	2.94%	3.51%	4.05%	4.58%	5.18%	3.64%	
Senior notes							
Principal amounts	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 500	\$ 510
Weighted-average interest rate	—%	—%	—%	—%	—%	6.75%	
Convertible senior notes							
Principal amounts	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 1
Weighted-average coupon interest rate	—%	2.13%	—%	—%	—%	—%	

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.

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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, 2012, based on the criteria established in *Internal Control - Integrated Framework* 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 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, 2012, based on the criteria established in *Internal Control - Integrated Framework* 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 of General Motors Company and subsidiaries as of and for the year ended December 31, 2012. Our report dated February 15, 2013 expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the Company's adoption of revised accounting standards related to comprehensive income.

/S/ DELOITTE & TOUCHE LLP

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Deloitte & Touche LLP

Detroit, Michigan

February 15, 2013

**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, 2012 and 2011, 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, 2012. 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, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the consolidated financial statements, the Company adopted amendments in Accounting Standards Update (ASU) 2011-05 and 2011-12 to Accounting Standards Codification (ASC) Topic 220, *Comprehensive Income*, effective January 1, 2012.

As discussed in Note 12 to the consolidated financial statements, the Company adopted amendments in ASU 2010-28 to ASC Topic 350, *Intangibles-Goodwill and Other*, effective January 1, 2011.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/S/ DELOITTE & TOUCHE LLP

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Deloitte & Touche LLP

Detroit, Michigan

February 15, 2013

Item 8. Financial Statements and Supplementary Data

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
(In millions, except per share amounts)

	Years Ended December 31,		
	2012	2011	2010
<b>Net sales and revenue</b>			
Automotive sales and revenue	\$ 150,295	\$ 148,866	\$ 135,311
GM Financial revenue	1,961	1,410	281
Total net sales and revenue	<u>152,256</u>	<u>150,276</u>	<u>135,592</u>
<b>Costs and expenses</b>			
Automotive cost of sales	140,236	130,386	118,768
GM Financial operating and other expenses	1,207	785	152
Automotive selling, general and administrative expense	13,593	12,105	11,446
Other automotive expenses, net	438	58	118
Goodwill impairment charges	27,145	1,286	—
Total costs and expenses	<u>182,619</u>	<u>144,620</u>	<u>130,484</u>
Operating income (loss)	(30,363)	5,656	5,108
Automotive interest expense	489	540	1,098
Interest income and other non-operating income, net	845	851	1,531
Gains (losses) on extinguishment of debt	(250)	18	196
Income (loss) before income taxes and equity income	(30,257)	5,985	5,737
Income tax expense (benefit)	(34,831)	(110)	672
Equity income, net of tax and gain on investments	1,562	3,192	1,438
<b>Net income</b>	<u>6,136</u>	<u>9,287</u>	<u>6,503</u>
Net (income) loss attributable to noncontrolling interests	52	(97)	(331)
<b>Net income attributable to stockholders</b>	<u>\$ 6,188</u>	<u>\$ 9,190</u>	<u>\$ 6,172</u>
<b>Net income attributable to common stockholders</b>	<u>\$ 4,859</u>	<u>\$ 7,585</u>	<u>\$ 4,668</u>
<b>Earnings per share (Note 25)</b>			
<b>Basic</b>			
Basic earnings per common share	\$ 3.10	\$ 4.94	\$ 3.11
Weighted-average common shares outstanding	1,566	1,536	1,500
<b>Diluted</b>			
Diluted earnings per common share	\$ 2.92	\$ 4.58	\$ 2.89
Weighted-average common shares outstanding	1,675	1,668	1,624

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,		
	2012	2011	2010
<b>Net income</b>	\$ 6,136	\$ 9,287	\$ 6,503
<b>Other comprehensive income (loss), net of tax</b>			
Foreign currency translation adjustments	(103)	(183)	210
Cash flow hedging gains (losses), net	(2)	25	(22)
Unrealized gains (losses) on securities, net	45	1	(7)
Defined benefit plans, net	(2,120)	(6,958)	(545)
Other comprehensive loss, net of tax	(2,180)	(7,115)	(364)
<b>Comprehensive income</b>	3,956	2,172	6,139
Comprehensive (income) loss attributable to noncontrolling interests	41	(87)	(318)
<b>Comprehensive income attributable to stockholders</b>	\$ 3,997	\$ 2,085	\$ 5,821

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

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

ASSETS	December 31, 2012	December 31, 2011
<b>Current Assets</b>		
Cash and cash equivalents	\$ 18,422	\$ 16,071
Marketable securities	8,988	16,148
Restricted cash and marketable securities	686	1,005
Accounts and notes receivable (net of allowance of \$311 and \$331)	10,395	9,964
GM Financial finance receivables, net (including gross consumer finance receivables transferred to SPEs of \$3,444 and \$3,295)	4,044	3,251
Inventories	14,714	14,324
Equipment on operating leases, net	1,782	2,464
Deferred income taxes	9,429	527
Other current assets	1,536	1,169
<b>Total current assets</b>	<b>69,996</b>	<b>64,923</b>
<b>Non-current Assets</b>		
Restricted cash and marketable securities	682	1,228
GM Financial finance receivables, net (including gross consumer finance receivables transferred to SPEs of \$6,458 and \$5,773)	6,954	5,911
Equity in net assets of nonconsolidated affiliates	6,883	6,790
Property, net	24,196	23,005
Goodwill	1,973	29,019
Intangible assets, net	6,809	10,014
GM Financial equipment on operating leases, net (including assets transferred to SPEs of \$540 and \$274)	1,649	785
Deferred income taxes	27,922	512
Other assets	2,358	2,416
<b>Total non-current assets</b>	<b>79,426</b>	<b>79,680</b>
<b>Total Assets</b>	<b>\$ 149,422</b>	<b>\$ 144,603</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable (principally trade)	\$ 25,166	\$ 24,551
Short-term debt and current portion of long-term debt		
Automotive (including certain debt at VIEs of \$228 and \$171; Note 15)	1,748	1,682
GM Financial	3,770	4,118
Accrued liabilities (including derivative liabilities at VIEs of \$18 and \$44; Note 15)	23,308	22,875
<b>Total current liabilities</b>	<b>53,992</b>	<b>53,226</b>
<b>Non-current Liabilities</b>		
Long-term debt		
Automotive (including certain debt at VIEs of \$122 and \$7; Note 15)	3,424	3,613
GM Financial	7,108	4,420
Postretirement benefits other than pensions	7,309	6,836
Pensions	27,420	25,075
Other liabilities and deferred income taxes	13,169	12,442
<b>Total non-current liabilities</b>	<b>58,430</b>	<b>52,386</b>
<b>Total Liabilities</b>	<b>112,422</b>	<b>105,612</b>
Commitments and contingencies (Note 20)		
<b>Equity</b>		
Preferred stock, \$0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a \$25.00 liquidation preference) at December 31, 2012 and 2011)	5,536	5,536
Series B (99,988,796 and 100,000,000 shares issued and outstanding (each with a \$50.00 liquidation preference) at December 31, 2012 and 2011)	4,855	4,855
Common stock, \$0.01 par value (5,000,000,000 shares authorized and 1,366,373,526 shares and 1,564,727,289 shares issued and outstanding at December 31, 2012 and 2011)	14	16
Capital surplus (principally additional paid-in capital)	23,834	26,391
Retained earnings	10,057	7,183
Accumulated other comprehensive loss	(8,052)	(5,861)
<b>Total stockholders' equity</b>	<b>36,244</b>	<b>38,120</b>

Noncontrolling interests	756	871
<b>Total Equity</b>	<b>37,000</b>	<b>38,991</b>
<b>Total Liabilities and Equity</b>	<b>\$ 149,422</b>	<b>\$ 144,603</b>

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,		
	2012	2011	2010
<b>Cash flows from operating activities</b>			
Net income	\$ 6,136	\$ 9,287	\$ 6,503
Depreciation, impairment charges and amortization expense	38,762	7,427	6,930
Foreign currency remeasurement and transaction losses	117	55	210
Amortization of discount and issuance costs on debt issues	188	160	135
Undistributed earnings of nonconsolidated affiliates and gain on investments	(179)	(1,947)	(753)
Pension contributions and OPEB payments	(3,759)	(2,269)	(5,723)
Pension and OPEB (income) expense, net	3,232	(755)	412
(Gains) losses on extinguishment of debt	250	(18)	(196)
Provisions (benefits) for deferred taxes	(35,561)	(318)	254
Change in other investments and miscellaneous assets	(57)	(155)	(137)
Change in other operating assets and liabilities (Note 30)	687	(3,967)	(966)
Other operating activities	789	666	111
<b>Net cash provided by operating activities</b>	<b>10,605</b>	<b>8,166</b>	<b>6,780</b>
<b>Cash flows from investing activities</b>			
Expenditures for property	(8,068)	(6,249)	(4,202)
Available-for-sale marketable securities, acquisitions	(4,650)	(20,535)	(11,012)
Trading marketable securities, acquisitions	(6,234)	(6,571)	(358)
Available-for-sale marketable securities, liquidations	10,519	15,825	5,611
Trading marketable securities, liquidations	7,267	660	343
Acquisition of companies, net of cash acquired	(44)	(53)	(3,042)
Increase due to consolidation of business units	—	—	63
Proceeds from sale of business units/investments, net	18	4,821	317
Increase in restricted cash and marketable securities	(661)	(728)	(918)
Decrease in restricted cash and marketable securities	1,526	2,067	13,915
Purchases and originations of finance receivables	(6,789)	(5,012)	(947)
Principal collections and recoveries on finance receivables	4,674	3,719	871
Purchases of leased vehicles, net	(1,050)	(837)	(11)
Proceeds from termination of leased vehicles	59	47	346
Other investing activities	(72)	106	257
<b>Net cash provided by (used in) investing activities</b>	<b>(3,505)</b>	<b>(12,740)</b>	<b>1,233</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term debt	(247)	131	(1,097)
Proceeds from issuance of debt (original maturities greater than three months)	9,036	9,034	1,886
Payments on debt (original maturities greater than three months)	(7,377)	(8,468)	(12,211)
Proceeds from issuance of stock	4	11	4,857
Payments to purchase stock	(5,098)	—	(1,462)
Payments to acquire noncontrolling interest	—	(100)	(6)
Debt issuance costs and fees paid for debt modification	(120)	(50)	(165)
Cash dividends paid (including premium paid on redemption of Series A Preferred Stock)	(939)	(916)	(1,572)
<b>Net cash used in financing activities</b>	<b>(4,741)</b>	<b>(358)</b>	<b>(9,770)</b>
Effect of exchange rate changes on cash and cash equivalents	(8)	(253)	(57)
Net increase (decrease) in cash and cash equivalents	2,351	(5,185)	(1,814)
Cash and cash equivalents reclassified to assets held for sale	—	—	391
Cash and cash equivalents at beginning of period	16,071	21,256	22,679
<b>Cash and cash equivalents at end of period</b>	<b>\$ 18,422</b>	<b>\$ 16,071</b>	<b>\$ 21,256</b>

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





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

	Common Stockholders*							Noncontrolling Interests	Total Equity
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Capital Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)			
<b>Balance December 31, 2009</b>	\$ —	\$ —	\$ 15	\$ 24,040	\$ (4,394)	\$ 1,588	\$ 708	\$ 21,957	
Net income	—	—	—	—	6,172	—	331	6,503	
Other comprehensive loss	—	—	—	—	—	(351)	(13)	(364)	
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—	5,536	
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—	4,855	
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)	(85)	
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)	(6)	
Sale of businesses	—	—	—	—	—	14	(18)	(4)	
Stock-based compensation	—	—	—	216	—	—	—	216	
Effect of adoption of amendments to ASC 810 regarding variable interest entities	—	—	—	—	—	—	76	76	
Cash dividends paid on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—	(1,512)	
Other	—	—	—	—	—	—	(13)	(13)	
<b>Balance December 31, 2010</b>	5,536	4,855	15	24,257	266	1,251	979	37,159	
Effect of adoption of amendments in ASU 2010-28 regarding goodwill impairment (Note 12)	—	—	—	—	(1,466)	—	—	(1,466)	
Net income	—	—	—	—	9,190	—	97	9,287	
Other comprehensive loss	—	—	—	—	—	(7,105)	(10)	(7,115)	
Purchase of noncontrolling interest shares	—	—	—	41	—	(7)	(134)	(100)	
Exercise of common stock warrants	—	—	—	11	—	—	—	11	
Stock based compensation	—	—	—	219	—	—	—	219	
Pension plan stock contribution (Note 18)	—	—	1	1,863	—	—	—	1,864	
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)	
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(54)	(54)	
Deconsolidation of noncontrolling interest shares	—	—	—	—	—	—	(9)	(9)	
Other	—	—	—	—	52	—	2	54	
<b>Balance December 31, 2011</b>	5,536	4,855	16	26,391	7,183	(5,861)	871	38,991	
Net income (loss)	—	—	—	—	6,188	—	(52)	6,136	
Other comprehensive income (loss)	—	—	—	—	—	(2,191)	11	(2,180)	
Purchase and retirement of common stock	—	—	(2)	(2,652)	(2,455)	—	—	(5,109)	
Exercise of common stock warrants	—	—	—	5	—	—	—	5	
Stock based compensation	—	—	—	89	—	—	—	89	
Conversion of Series B Preferred Stock to common stock	—	—	—	1	—	—	—	1	
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)	
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(80)	(80)	
Other	—	—	—	—	—	—	6	6	
<b>Balance December 31, 2012</b>	\$ 5,536	\$ 4,855	\$ 14	\$ 23,834	\$ 10,057	\$ (8,052)	\$ 756	\$ 37,000	

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**

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM.” General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as “Old GM” as it is the predecessor entity solely for accounting and financial reporting purposes. Old GM was renamed Motors Liquidation Company (MLC), which was dissolved on December 15, 2011 and transferred its remaining assets and liabilities to the Motors Liquidation Company GUC Trust (GUC Trust).

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

We analyze the results of our business through our five segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

**Note 2. Basis of Presentation**

**Principles of Consolidation**

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest and our consolidated variable interest entities (VIEs) of which we are the primary beneficiary. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. When these criteria are met, we are required to consolidate the VIE. 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. All intercompany balances and transactions have been eliminated in consolidation.

**Use of Estimates in the Preparation of the Financial Statements**

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue 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.

**Change in Presentation of Financial Statements**

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

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

**Venezuelan Exchange Regulations**

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. In January 2010 there was a devaluation of the Venezuelan currency and establishment of dual fixed exchange rates, an essential rate and a nonessential rate.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. The restrictions on the foreign currency exchange market affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates as well as our ability to fully benefit from these operations.

Effective January 1, 2011 the BsF was further devalued and the essential rate was eliminated. The devaluation has affected results of operations from that date forward because our Venezuelan subsidiaries no longer realize gains that result from favorable foreign currency exchanges processed by the Venezuela currency exchange agency at the essential rate.

The aggregate net assets of our Venezuelan subsidiaries at December 31, 2012 and 2011 were \$786 million and \$438 million. At December 31, 2012 and 2011 other consolidated entities have receivables from our Venezuelan subsidiaries of \$379 million and \$380 million. The total amounts pending government approval for settlement at December 31, 2012 and 2011 were BsF 2.2 billion (equivalent to \$523 million) and BsF 2.3 billion (equivalent to \$535 million), for which some requests have been pending from 2007.

In February 2013 the Venezuelan government announced that the official fixed exchange rate of BsF 4.3 to \$1.00 would be changed to BsF 6.3 to \$1.00. The devaluation did not have an effect on the 2012 consolidated financial statements; however, the devaluation will require remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities in the three months ending March 31, 2013. The devaluation effective date is February 13, 2013 and is expected to result in a charge in the range of \$150 million to \$200 million.

**Note 3. Significant Accounting Policies**

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

**Revenue Recognition**

*Automotive*

Automotive sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and all 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 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 dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales and revenue at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales and revenue when announced.

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 income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 is 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 resumes once an account has received payments bringing the delinquency to less than 60 days past due.

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 Expense**

The following table summarizes advertising and promotion expenditures, which are expensed as incurred (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Advertising and promotion expense	\$ 5,372	\$ 5,209	\$ 4,742

**Research and Development Expenditures**

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

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

**Cash Equivalents**

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

**Allowance for Doubtful Accounts***Automotive*

The following table summarizes activity in our allowance for doubtful accounts (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	\$ 331	\$ 252	\$ 250
Amounts charged (credited) to costs and expenses	(10)	159	93
Other	36	3	—
Deductions	(46)	(83)	(91)
Balance at end of period	\$ 311	\$ 331	\$ 252

**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;
- 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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

- 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 income 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. Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. 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 and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, sovereign debt, certificates of deposit, and corporate debt securities are classified as Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of our pricing service. This review includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields, and prepayment speeds. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in securities are other-than- temporary. Factors considered in determining whether a loss on a marketable security is other-than-temporary 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.

**Finance Receivables**

*Pre-Acquisition Consumer Finance Receivables*

Finance receivables originated prior to the acquisition of AmeriCredit Corp. (AmeriCredit) were adjusted to fair value at October 1, 2010. As a result of the acquisition the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. The fair value of the receivables was less than the principal amount of those receivables, thus resulting in a discount to par. This discount was attributable, in part, to future credit losses that did not exist at the origination of the receivables.

A non-accretable difference is the excess between a loan's contractually required payments (undiscounted amount of all uncollected principal and contractual interest payments, both past due and scheduled for the future) and the amount of the loan's cash flows expected to be collected. An accretable yield is the excess in the loan's cash flows expected to be collected over the initial investment in the loan, which at October 1, 2010 was fair value.

As a result of acquisition accounting GM Financial evaluated the common risk characteristics of the loan portfolio and split it into several pools. GM Financial's policy is to remove a charged off loan individually from a pool based on comparing any amount received with its contractual amount. Any difference between these amounts is absorbed by the non-accretable difference. This removal method assumes that the amount received approximates pool performance expectations. The remaining accretable yield balance is unaffected and any material change in remaining effective yield caused by this removal method is addressed by GM Financial's quarterly cash flow evaluation process for each pool. For loans that are resolved by payment in full there is no release of the non-accretable difference for the pool because there is no difference between the amount received and the contractual amount of the loan.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Any deterioration in the performance of the pre-acquisition receivables will result in recording an incremental provision for loan losses. Improvements in the performance of the pre-acquisition receivables which results in a significant increase in actual or expected cash flows will result first in the reversal of any incremental related allowance for loan losses and then in a transfer of the excess from the non-accretable difference to accretable yield, which will be recorded as finance charge income over the remaining life of the receivables.

*Post-Acquisition Consumer Finance Receivables and Allowance for Loan Losses*

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. GM Financial reviews charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. GM Financial also uses historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date. Assumptions regarding credit losses and loss confirmation periods are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above. Should the credit loss assumption or loss confirmation period increase, there would be an increase in the amount of allowance for loan losses required, which would decrease the net carrying value of finance receivables and increase the amount of provision for loan losses recorded on the consolidated statements of operations.

**Inventory**

Inventories are stated at the lower of cost or market.

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current incentive offers at the balance sheet date. Market 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, 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. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have significant investments in vehicles in operating lease portfolios, which are composed of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine 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 the 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 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 the 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,

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

net to Inventories at the lower of cost or estimated selling price, less cost to sell. 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 for any difference between the net book value of the lease asset and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial 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. In determining if a decline is other-than-temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax and gain on investments. 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 of property are capitalized. The gross amount of assets under capital leases is included in property, plant and equipment. 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 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 all non-powertrain special tools over their estimated useful lives using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Impairment charges related to special tools are recorded in Automotive cost of sales.

**Goodwill**

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. When the fair value of a reporting unit falls below its carrying amount an impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of assets, other resources and vehicle platforms among brands within GMNA and GME and because financial information by brand or country is not discrete below the operating segment level, GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated.

**Intangible Assets, net**



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), 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. If that pattern cannot be reliably determined, a straight-line amortization method is used. 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 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 are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. 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 profitability due to changes in volume, pricing or costs.

**Pension and Other Postretirement 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 the average period to full eligibility or the average life expectancy of the plan participants, or the period to the plan's termination date for the plan which provides legal services.

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 92% of the non-U.S. pension benefit obligation at December 31, 2012. 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.

In countries other than the U.S., Canada, United Kingdom and those located in the Eurozone discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect

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

local conditions using foreign currency swaps or local actuarial standards.

***Plan Asset Valuation***

*Cash Equivalents and Other Short-Term Investments*

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third-party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Money market mutual funds which provide investors with the ability to redeem their interests on a daily basis and for which NAVs are publicly available are classified in Level 1. Other cash equivalents and short-term investments are classified in Level 2.

*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. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

*Government, Agency and Corporate Debt Securities*

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities which are priced via the use of 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. 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. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

*Agency and Non-Agency Mortgage and Other Asset-Backed Securities*

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices are classified in Level 2. 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 prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level and other factors in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

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

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded, and are classified in Level 1. Investments in private investment funds

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

(including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments in private investment funds, which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

Direct investments in private equity, private debt and real estate securities, are generally valued in good faith via the use of the market approach (earnings multiples from comparable companies) or the income approach (discounted cash flow techniques), and consider inputs such as revenue growth and gross margin assumptions, discount rates, discounts for lack of liquidity, market capitalization rates, and the selection of comparable companies. As these valuations incorporate significant unobservable inputs they are classified as Level 3.

Fair value estimates for private investment funds, private equity, private debt, and real estate investments 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 or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. 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 investment(s) 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. We may adjust the external valuation to ensure fair value as of the balance sheet date.

*Derivatives*

Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives, including but not limited to swaps, swaptions and forwards, which are typically valued through independent pricing services with observable inputs are generally classified in Level 2. Derivatives classified in Level 3 are typically valued via the use of pricing models which incorporate significant unobservable inputs, but may also include derivatives which are valued with the use of significant observable inputs which are not subject to corroboration. The inputs part of the model based valuations may include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above 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.

**Extended Disability Benefits**

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings.

**Labor Force**

On a worldwide basis, we have a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2012 50,000 of our U.S. employees (or 62%) were represented by unions, the majority of which were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The current labor contract with the UAW is effective for a four-year term that began in October 2011 and expires in September 2015. The contract included a \$5,000 lump sum payment to each eligible UAW employee in the year ended December 31, 2011 and three additional lump-sum payments of \$ 1,000 to be paid annually in the years ending December 31, 2012, 2013 and 2014. These lump-sum payments expected to total \$381 million are being amortized over the four-year contract period.

**Job Security Programs**

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Effective with our current labor agreement with the UAW the Job Opportunity Bank Program was eliminated and the Supplemental Unemployment Benefit (SUB) program and the Transitional Support Program (TSP) were retained. These modified job security programs provide employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to Canadian Auto Workers Union (CAW) employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

**Stock Incentive Plans**

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value which is the fair value of our common stock on the date of grant, or for restricted stock units (RSUs) granted prior to our public offering, the fair value of our common stock as of the date of the public offering. We record compensation cost for the awards on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period.

Salary stock awards granted 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. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls are based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

**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 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. We consider the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

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 anticipated 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 Discontinued operations or 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).

**Derivative Instruments**

We are party to a variety of foreign currency exchange rate, commodity, interest rate swap and interest rate cap derivative contracts entered into in connection with the management of exposure to fluctuations in certain foreign currency exchange rates, commodity prices and interest rates.

In connection with certain long-term supply contracts that we have entered into, we have identified embedded derivatives which we have bifurcated for valuation and accounting purposes.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

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. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors and current and forward market prices for foreign currency exchange rates and commodities. We estimate our nonperformance risk using our corporate credit rating, the rating on our secured revolver, and yields on traded bonds of companies with comparable credit ratings and risk profiles. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily price, are classified in Level 3.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating and other expenses.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gains (losses), net within a separate component of Other comprehensive income (OCI). Amounts are reclassified from Accumulated other

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

comprehensive income when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

**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 income. 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 operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net.

The following table summarizes the effects of foreign currency transactions and remeasurement (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Foreign currency transaction and remeasurement losses	\$ 117	\$ 55	\$ 210

**Recently Adopted Accounting Principles**

In 2012 we adopted the provisions of Accounting Standards Update (ASU) 2011-05, "Presentation of Comprehensive Income" (ASU 2011-05) that requires presentation of all non-owner changes in equity in one continuous statement of comprehensive income or in two separate but consecutive statements. We elected to provide a separate statement of comprehensive income for all periods presented. The amendments in this update do not change the items that must be reported in OCI or when an OCI item must be reclassified to net income. The adoption of ASU 2011-05 did not affect our consolidated statements of financial position, results of operations and cash flows.

ASU 2011-05 was modified in December 2011 by the issuance of ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." This update indefinitely defers certain provisions of ASU 2011-05 that require the disclosure of the amount of reclassifications of items from OCI to net income by component of net income and by component of OCI.

**Note 4. Acquisition and Disposal of Businesses****Sale of General Motors Strasbourg S.A.S.**

In December 2012 we entered into a definitive agreement to sell 100% of our equity interest of General Motors Strasbourg S.A.S. (GMS), which was included in our GME segment, for cash of one Euro to an external third-party. GMS is engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles. We acquired GMS in October 2010 as subsequently discussed. GMS's assets and liabilities were adjusted to their estimated fair value of one Euro upon entering into the definitive agreement. The resulting charge of \$119 million was recorded in Interest income and other non-operating income, net. In January 2013 we completed the sale of GMS. GMS's assets, composed primarily of accounts

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

receivable and inventories, and its liabilities composed primarily of accounts payable and accrued liabilities were classified as held for sale and were included in Current Assets and Current Liabilities.

**Definitive Agreement to Acquire Certain Ally Financial International Operations**

In November 2012 GM Financial entered into an agreement with Ally Financial to acquire 100% of the outstanding equity interests of its automotive finance and financial services operations in Europe and Latin America and a separate agreement to acquire Ally Financial's non-controlling equity interests in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC), which conducts automotive finance and other financial services in China. The combined consideration will be approximately \$4.2 billion in cash, subject to certain closing adjustments. These transactions will enable GM Financial to provide automotive finance and other financial services to customers in European, Latin American and Chinese markets. The closings of the transactions contemplated by the agreements are subject to satisfaction of certain closing conditions, including obtaining applicable regulatory approvals and third-party consents and other customary closing conditions, and are expected to close in stages throughout 2013.

**Acquisition of SAIC GM Investment Limited**

In September 2012 SAIC Motor Hong Kong Investment Limited (SAIC-HK) exercised its option to not participate in future capital injections to SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively HKJV). We agreed with SAIC-HK to settle a promissory note due from HKJV to us in exchange for HKJV's issuance of 257 million Class B shares at face value of \$1.17 per share. SAIC-HK's equity interest in HKJV was diluted from 50% to 14% and we obtained control of HKJV with an 86% interest and consolidated HKJV effective September 1, 2012. We recognized a gain of \$51 million measured as the difference between the fair value of our 50% interest in HKJV and the investment carrying amount at the date of acquisition of which \$50 million was recorded in Equity income, net of tax and gain on investments. In addition we invested \$125 million in HKJV and acquired 186 million Class A shares at face value of \$0.6708 per share, which increased our interest in HKJV from 86% to 90.8%. Refer to Note 10 for additional details on our investment in HKJV prior to acquisition.

The following table summarizes the consideration paid and the HKJV assets acquired and liabilities assumed, which are included in our GMIO segment (dollars in millions):

	September 1, 2012
<b>Consideration</b>	
Fair value of our previously held investment	\$ 74
Consideration paid for Shanghai Automotive Industry Corporation's (SAIC) portion of the promissory note	150
Settlement of written put option	(94)
Total consideration	<u>\$ 130</u>
Fair value of the noncontrolling interest	<u>\$ 21</u>
<b>Assets acquired and liabilities assumed</b>	
Cash	\$ 17
Accounts receivable	124
Inventory	132
Other current assets	13
Property	385
Goodwill	61
Other non-current assets	59
Current liabilities	(483)
Non-current liabilities	(157)
	<u>\$ 151</u>



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

When applying the acquisition method of accounting deferred tax assets and related valuation allowances give rise to goodwill, which is a residual. None of the goodwill from this transaction is deductible for tax purposes. We did not provide pro forma financial information because we do not believe the information is material.

**Acquisition of GMAC South America LLC**

In March 2012 we acquired from Ally Financial for cash of \$29 million 100% of the outstanding equity interests of GMAC South America LLC whose only asset is GMAC de Venezuela CA (GMAC Venezuela) comprising the business and operations of Ally Financial in Venezuela. This acquisition provides us with a captive finance offering in Venezuela which we believe is important in maintaining market position and will provide continued sources of financing for our Venezuela dealers and customers.

We recorded the fair value of the assets acquired and liabilities assumed as of March 1, 2012, the date we obtained control, and have included GMAC Venezuela's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMAC Venezuela, which are included in our GMSA segment (dollars in millions):

	<b>March 1, 2012</b>
Cash	\$ 79
Other assets	11
Liabilities	(11)
Bargain purchase gain	(50)
Consideration paid	<u>\$ 29</u>

We determined the excess of net assets acquired over consideration paid was attributable to the measurement differences between the BsF denominated assets and liabilities valued using the official foreign exchange rate, as required by U.S. GAAP, and the enterprise value which has been discounted to reflect the uncertainty surrounding our ability to convert the BsF to U.S. Dollars and the risks of operating in a politically unstable country. The measurement differences do not qualify to be recorded in the application of the acquisition method of accounting, and we recorded the excess of net assets acquired over the consideration paid as a bargain purchase gain. The bargain purchase gain was recorded in Interest income and other non-operating income, net. We did not provide pro forma financial information because we do not believe the information is material.

**Acquisition of Additional GM Korea Interests**

In March 2011 we completed the acquisition of an additional 6.9% interest in GM Korea Company (GM Korea) for cash of \$100 million. The transaction was accounted for as an equity transaction as we retain the controlling financial interest in GM Korea. This transaction reduced our equity attributable to Noncontrolling interests by \$134 million and our Accumulated other comprehensive income by \$7 million and increased our Capital surplus by \$41 million. We now own 77.0% of the outstanding shares of GM Korea.

**Acquisition of AmeriCredit**

In October 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of \$3.5 billion. This acquisition allows us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):



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

	October 1, 2010
<b>Consideration</b>	
Cash paid to AmeriCredit common shareholders of \$24.50 per share	\$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	\$ 3,454
Acquisition-related costs(a)	\$ 43
<b>Assets acquired and liabilities assumed</b>	
Cash	\$ 538
Restricted cash	1,136
Finance receivables(b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings(c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	\$ 3,454

- (a) Acquisition-related costs of \$43 million were expensed as incurred. The acquisition related costs include \$27 million recorded in Automotive selling, general and administrative expense and \$16 million recorded in GM Financial operating and other expenses.
- (b) The fair value of Finance receivables was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was \$10.7 billion of which \$9.7 billion was expected to be collected.
- (c) The fair value of Securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of \$1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes \$153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the GM Financial reporting unit. The goodwill expected to be tax deductible is \$159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the years ended December 31, 2012, 2011 and 2010, as well as the supplemental pro forma revenue and earnings of the combined entity for the year ended December 31, 2010 as if the acquisition had occurred on January 1, 2010 (dollars in millions):

	GM Financial Amounts For Year Ended December 31,			Pro Forma-Combined (Unaudited)
	2012	2011	2010	Year Ended December 31, 2010
Total net sales and revenue	\$ 1,961	\$ 1,410	\$ 281	\$ 136,645
Net income attributable to stockholders	\$ 567	\$ 440	\$ 90	\$ 6,651

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2010, nor are they indicative of future results.

**Sale of Nexteer**

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

In November 2010 we completed the sale of Nexteer Automotive Corporation (Nexteer), a manufacturer of steering components and half-shafts, which was included in our GMNA segment, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009.

We received consideration of \$426 million in cash and a \$39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of \$60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third-party suppliers. During the year ended December 31, 2010 Nexteer recorded revenue of \$1.8 billion, of which \$939 million were sales to us.

#### Acquisition of GMS

In October 2010 we acquired 100% of the outstanding equity interest of GMS for cash of one Euro from MLC. We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010 and have included GMS's results of operations and cash flows from that date forward. GMS was sold in January 2013 as previously discussed. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	October 1, 2010
<b>Assets acquired and liabilities assumed</b>	
Cash	\$ 49
Accounts receivable(a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities	(116)
Non-current liabilities	(11)
Bargain purchase gain	\$ 66

(a) Accounts receivable includes \$32 million that is due from us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, recorded in Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information was material.

#### Saab Sale

In February 2010 we completed the sale of Saab Automobile AB and in May 2010 we completed the sale of Saab Automobile GB (collectively Saab) to Spyker Cars NV. Of the negotiated cash purchase price of \$74 million, we received \$50 million at closing and received the remainder in July 2010. We also received preference shares in Saab with a face value of \$326 million and an estimated fair value that is insignificant and received \$114 million as repayment of the debtor-in-possession financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of \$123 million in Interest income and other non-operating income, net reflecting cash received of \$166 million less net assets with a book value of \$43 million.

#### Note 5. GM Financial Finance Receivables, net

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floorplan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis.

The following table summarizes GM Financial finance receivables, net relating to consumer and commercial activities (dollars in millions):

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

	December 31, 2012	December 31, 2011
Current	\$ 4,044	\$ 3,251
Non-current	6,954	5,911
Total GM Financial finance receivables, net	<u>\$ 10,998</u>	<u>\$ 9,162</u>

The following table summarizes the components of GM Financial finance receivables, net relating to consumer and commercial activities (dollars in millions):

	December 31, 2012	December 31, 2011
Pre-acquisition finance receivables, outstanding balance	\$ 2,162	\$ 4,366
Pre-acquisition finance receivables, carrying amount	\$ 1,958	\$ 4,027
Post-acquisition finance receivables, net of fees(a)	9,391	5,314
Total finance receivables	11,349	9,341
Less: allowance for loan losses on post-acquisition finance receivables(a)	(351)	(179)
Total GM Financial finance receivables, net	<u>\$ 10,998</u>	<u>\$ 9,162</u>

(a) At December 31, 2012 the balance includes finance receivables and loans of \$560 million and allowance for loan losses of \$6 million in connection with the commercial lending program.

The following table summarizes activity for finance receivables relating to consumer and commercial activities (dollars in millions):

	Years Ended December 31,	
	2012	2011
Pre-acquisition finance receivables, carrying amount, beginning of period	\$ 4,027	\$ 7,299
Post-acquisition finance receivables, beginning of period	5,314	924
Loans originated or purchased(a)	6,806	5,085
Charge-offs	(304)	(66)
Principal collections and other(a)	(4,324)	(3,418)
Change in carrying amount adjustment on the pre-acquisition finance receivables	(170)	(483)
Balance at end of period	<u>\$ 11,349</u>	<u>\$ 9,341</u>

(a) Includes finance receivables and loans originated of \$1.2 billion and principal collections of \$667 million in connection with the commercial lending program for the year ended December 31, 2012.

The following table summarizes carrying amount and estimated fair value of GM Financial finance receivables, net (dollars in millions):

	December 31, 2012		December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
GM Financial finance receivables, net	\$ 10,998	\$ 11,313	\$ 9,162	\$ 9,386

GM Financial determined the fair value of consumer finance receivables using Level 3 inputs within a cash flow model. The Level 3 inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the finance receivable 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 are calculated and discounted using a weighted-average cost of capital (WACC) using 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 and maturity profile as the portfolio. Macroeconomic factors could negatively affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Substantially all commercial finance receivables have variable interest rates and maturities of one year. Therefore, the carrying amount is considered to be a reasonable estimate of fair value.

GM Financial purchases consumer 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.

At December 31, 2012 and 2011 the accrual of finance charge income has been suspended on delinquent consumer finance receivables based on contractual amounts due of \$503 million and \$439 million. At December 31, 2012 there were no commercial finance receivables or loans on non-accrual status.

GM Financial reviews its pre-acquisition portfolio for differences between contractual cash flows and the cash flows expected to be collected from its initial investment in the pre-acquisition portfolio to determine if the difference is attributable, at least, in part to credit quality. For the period ended December 31, 2012 as a result of improvements in the credit performance of the pre-acquisition portfolio, which resulted in an increase of expected cash flows of \$170 million, GM Financial transferred the excess non-accretable difference to accretable yield. GM Financial will recognize this excess as finance charge income over the remaining life of the portfolio.

The following table summarizes accretable yield (dollars in millions):

	Years Ended December 31,	
	2012	2011
Balance at beginning of period	\$ 737	\$ 1,201
Accretion of accretable yield	(503)	(725)
Transfer from non-accretable difference	170	261
Balance at end of period	<u>\$ 404</u>	<u>\$ 737</u>

The following table summarizes the allowance for post-acquisition loan losses on consumer and commercial finance receivables (dollars in millions):

	December 31, 2012	December 31, 2011
Current	\$ 266	\$ 136
Non-current	85	43
Total allowance for post-acquisition loan losses	<u>\$ 351</u>	<u>\$ 179</u>

The following table summarizes activity for the allowance for post-acquisition loan losses on consumer and commercial finance receivables (dollars in millions):

	Years Ended December 31,		October 1, 2010 Through December 31, 2010
	2012	2011	
Balance at beginning of period	\$ 179	\$ 26	\$ —
Provision for loan losses	304	178	26
Charge-offs	(304)	(66)	—
Recoveries	172	41	—
Balance at end of period	<u>\$ 351</u>	<u>\$ 179</u>	<u>\$ 26</u>

**Credit Quality**

**Consumer Finance Receivables**

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

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

	December 31, 2012	December 31, 2011
FICO score less than 540	\$ 3,011	\$ 2,133
FICO score 540 to 599	5,014	4,167
FICO score 600 to 659	2,513	2,624
FICO score 660 and greater	455	756
Balance at end of period(a)	<u>\$ 10,993</u>	<u>\$ 9,680</u>

(a) Composed of the sum of pre-acquisition consumer finance receivables - outstanding balance and post-acquisition consumer finance receivables, net of fees.

**Commercial Finance Receivables**

GM Financial's commercial finance receivables consist of dealer financings. 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.

**Delinquency**

**Consumer Finance Receivables**

The following summarizes the contractual amount of consumer finance receivables, which is not materially different than the recorded investment, more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	December 31, 2012		December 31, 2011	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
<b>Delinquent contracts</b>				
31-to-60 days	\$ 672	6.1%	\$ 517	5.3%
Greater-than-60 days	230	2.1%	182	1.9%
Total consumer finance receivables more than 30 days delinquent	902	8.2%	699	7.2%
In repossession	31	0.3%	27	0.3%
Total consumer finance receivables more than 30 days delinquent and in repossession	<u>\$ 933</u>	<u>8.5%</u>	<u>\$ 726</u>	<u>7.5%</u>

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. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

**Commercial Finance Receivables**

At December 31, 2012 all commercial finance receivables were current with respect to payment status.

**Note 6. Securitizations**

**Automotive Financing - GM Financial**

The following table summarizes securitization activity and cash flows from consolidated SPEs used for securitizations (dollars in millions):

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

	Years Ended December 31,		October 1, 2010 Through December 31, 2010
	2012	2011	
Receivables securitized	\$ 6,777	\$ 4,828	\$ 743
Net proceeds from securitization	\$ 6,400	\$ 4,550	\$ 700
<b>Servicing fees</b>			
Variable interest entities	\$ 242	\$ 201	\$ 46
<b>Net distributions from trusts</b>			
Variable interest entities	\$ 1,487	\$ 852	\$ 216

GM Financial retains servicing responsibilities for receivables transferred to securitization SPEs. At December 31, 2012 and 2011 GM Financial serviced finance receivables that have been transferred to certain SPEs of \$9.9 billion and \$7.9 billion. At December 31, 2012 and 2011 a Canadian subsidiary of GM Financial serviced leased assets of \$625 million and \$1.0 billion for a third-party.

**Note 7. Marketable Securities**

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. We obtain the majority of the prices used in this valuation from a pricing service. Our pricing service utilizes industry standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of valuations provided by our pricing service, which includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields and prepayment spreads. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices.

***Peugeot S.A.***

At December 31, 2012, we measured the fair value of our investment in Peugeot S.A. (PSA) common stock using the published stock price and determined the carrying amount of our investment in PSA common stock exceeded its fair value. PSA's stock price has shown no sustained signs of recovery towards the price at which we acquired our seven percent interest in March 2012.

Based upon the 55% decline in PSA common stock price since our acquisition in March 2012 and the nine month duration of the impairment, combined with our fourth quarter reassessment of our European automotive operations, we have concluded that the impairment of our investment in PSA common stock is other-than-temporary. As a result we have transferred the total unrealized losses from Accumulated other comprehensive loss to Interest income and other non-operating income, net resulting in recognition of an impairment charge of \$220 million.

***GM Korea Preferred Shares***

In September 2012 we entered into a transaction to acquire security interests in certain mandatorily redeemable preferred shares issued by GM Korea for \$293 million. The transaction did not meet the criteria for an extinguishment of the liability. Subsequently, GM Korea partially redeemed the mandatorily redeemable preferred shares resulting in an extinguishment of the liability and redemption of a portion of the security interests, which is described in more detail in Note 17. The remaining unredeemed interests are classified as available-for-sale corporate debt securities and had a fair value of \$177 million at December 31, 2012.

The following tables summarize information regarding marketable securities (dollars in millions):

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

December 31, 2012							
	Cost	Unrealized		Fair Value	Fair Value Measurements on a Recurring Basis		
		Gains	Losses		Level 1	Level 2	Level 3
<b>Cash and cash equivalents</b>							
Available-for-sale securities							
U.S. government and agencies	\$ 4,190	\$ —	\$ —	\$ 4,190	\$ —	\$ 4,190	\$ —
Certificates of deposit	120	—	—	120	—	120	—
Money market funds	1,799	—	—	1,799	1,799	—	—
Corporate debt	3,102	—	—	3,102	—	3,102	—
Total available-for-sale securities	<u>\$ 9,211</u>	<u>\$ —</u>	<u>\$ —</u>	<u>9,211</u>	<u>1,799</u>	<u>7,412</u>	<u>—</u>
Trading securities							
Sovereign debt				1,408	—	1,408	—
Total trading securities				<u>1,408</u>	<u>—</u>	<u>1,408</u>	<u>—</u>
Total marketable securities classified as cash equivalents				<u>10,619</u>	<u>\$ 1,799</u>	<u>\$ 8,820</u>	<u>\$ —</u>
Cash, time deposits and other cash equivalents				7,803			
Total cash and cash equivalents				<u>\$ 18,422</u>			
<b>Marketable securities - current</b>							
Available-for-sale securities							
U.S. government and agencies	\$ 1,231	\$ —	\$ —	\$ 1,231	\$ —	\$ 1,231	\$ —
Sovereign debt	30	—	—	30	—	30	—
Certificates of deposit	10	—	—	10	—	10	—
Corporate debt(a)	2,455	40	—	2,495	—	2,495	—
Equity	—	21	—	21	21	—	—
Total available-for-sale securities	<u>\$ 3,726</u>	<u>\$ 61</u>	<u>\$ —</u>	<u>3,787</u>	<u>21</u>	<u>3,766</u>	<u>—</u>
Trading securities							
Sovereign debt				5,201	—	5,201	—
Total trading securities				<u>5,201</u>	<u>—</u>	<u>5,201</u>	<u>—</u>
Total marketable securities - current				<u>8,988</u>	<u>21</u>	<u>8,967</u>	<u>—</u>
<b>Marketable securities - non-current</b>							
Available-for-sale securities							
Equity(b)	\$ 179	\$ —	\$ —	179	179	—	—
Total marketable securities - non-current	<u>\$ 179</u>	<u>\$ —</u>	<u>\$ —</u>	<u>179</u>	<u>179</u>	<u>—</u>	<u>—</u>
Total marketable securities				<u>\$ 9,167</u>	<u>\$ 200</u>	<u>\$ 8,967</u>	<u>\$ —</u>
<b>Restricted cash and marketable securities</b>							
Available-for-sale securities							
Money market funds	\$ 933	\$ —	\$ —	\$ 933	\$ 933	\$ —	\$ —
Sovereign debt	23	1	—	24	—	24	—
Other	175	—	—	175	—	175	—
Total marketable securities classified as restricted cash and marketable securities	<u>\$ 1,131</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>1,132</u>	<u>\$ 933</u>	<u>\$ 199</u>	<u>\$ —</u>
Restricted cash, time deposits and other restricted cash equivalents				236			
Total restricted cash and marketable securities				<u>\$ 1,368</u>			

(a) Includes security interest in the GM Korea mandatorily redeemable preferred shares.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(b) Represents our seven percent ownership in PSA acquired in connection with our agreement with PSA to create a long-term and strategic alliance. The investment is recorded in Other assets.

	December 31, 2011						
	Cost	Unrealized		Fair Value	Fair Value Measurements on a Recurring Basis		
		Gains	Losses		Level 1	Level 2	Level 3
<b>Cash and cash equivalents</b>							
Available-for-sale securities							
U.S. government and agencies	\$ 239	\$ —	\$ —	\$ 239	\$ —	\$ 239	\$ —
Sovereign debt	490	—	—	490	—	490	—
Certificates of deposit	2,028	—	—	2,028	—	2,028	—
Money market funds	1,794	—	—	1,794	1,794	—	—
Corporate debt	5,112	—	—	5,112	—	5,112	—
Total available-for-sale securities	\$ 9,663	\$ —	\$ —	9,663	1,794	7,869	—
Trading securities							
Sovereign debt				497	—	497	—
Total trading securities				497	—	497	—
Total marketable securities classified as cash equivalents				10,160	\$ 1,794	\$ 8,366	\$ —
Cash, time deposits and other cash equivalents				5,911			
Total cash and cash equivalents				\$ 16,071			
<b>Marketable securities - current</b>							
Available-for-sale securities							
U.S. government and agencies	\$ 5,214	\$ 2	\$ —	\$ 5,216	\$ —	\$ 5,216	\$ —
Sovereign debt	143	—	—	143	—	143	—
Certificates of deposit	178	—	—	178	—	178	—
Corporate debt	4,566	3	4	4,565	—	4,565	—
Total available-for-sale securities	\$ 10,101	\$ 5	\$ 4	10,102	—	10,102	—
Trading securities							
Equity				34	34	—	—
Sovereign debt				5,936	—	5,936	—
Other debt				76	—	76	—
Total trading securities				6,046	34	6,012	—
Total marketable securities - current				\$ 16,148	\$ 34	\$ 16,114	\$ —
<b>Restricted cash and marketable securities</b>							
Available-for-sale securities							
Money market funds	\$ 1,363	\$ —	\$ —	\$ 1,363	\$ 1,363	\$ —	\$ —
Sovereign debt	15	—	—	15	—	15	—
Other	161	3	—	164	—	164	—
Total marketable securities classified as restricted cash and marketable securities	\$ 1,539	\$ 3	\$ —	1,542	\$ 1,363	\$ 179	\$ —
Restricted cash, time deposits and other restricted cash equivalents				691			
Total restricted cash and marketable securities				\$ 2,233			

We maintained securities of \$84 million as compensating balances to support letters of credit of \$70 million at December 31, 2011. At December 31, 2012 these compensating balances were not required.



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

Sales proceeds from investments in marketable securities classified as available-for-sale and sold prior to maturity were \$4.7 billion, \$1.6 billion and \$11 million in the years ended December 31, 2012, 2011 and 2010.

The following table summarizes the amortized cost and the fair value of investments classified as available-for-sale within cash equivalents, marketable securities and restricted cash by contractual maturity at December 31, 2012 (dollars in millions):

	Amortized Cost	Fair Value
Due in one year or less	\$ 9,281	\$ 9,318
Due after one year through five years	1,892	1,896
Total contractual maturities of available-for-sale securities	<u>\$ 11,173</u>	<u>\$ 11,214</u>

**Note 8. Inventories**

The following table summarizes the components of Inventories (dollars in millions):

	December 31, 2012	December 31, 2011
Productive material, supplies and work in process	\$ 6,560	\$ 6,486
Finished product, including service parts	8,154	7,838
Total inventories	<u>\$ 14,714</u>	<u>\$ 14,324</u>

**Note 9. Equipment on Operating Leases, net**

**Automotive**

Equipment on operating leases, net is composed of vehicle sales to daily rental car companies.

The following table summarizes information related to Equipment on operating leases, net (dollars in millions):

	December 31, 2012	December 31, 2011
Equipment on operating leases	\$ 1,946	\$ 2,691
Less: accumulated depreciation	(164)	(227)
Equipment on operating leases, net	<u>\$ 1,782</u>	<u>\$ 2,464</u>

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Depreciation expense	\$ 227	\$ 431	\$ 500
Impairment charges	\$ 181	\$ 151	\$ 49

The following table summarizes equipment on operating leases to daily rental car companies measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measures	Fair Value Measurements on a Nonrecurring Basis (a)		
		Level 1	Level 2	Level 3
Year ended December 31, 2012	\$ 2,469	\$ —	\$ —	\$ 2,469
Year ended December 31, 2011	\$ 2,571	\$ —	\$ —	\$ 2,571
Year ended December 31, 2010	\$ 2,310	\$ —	\$ —	\$ 2,310

(a) The carrying amount of the related assets at December 31, 2012, 2011 and 2010 may no longer equal the fair value as the fair value presented is as of the date the impairment was recorded during the year presented.

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

Impairment of vehicles leased to daily rental car companies with guaranteed repurchase obligations is determined to exist if the expected future cash flows are lower than the carrying amount of the vehicle. We have multiple, distinct portfolios of vehicles leased to rental car companies and may have multiple impairments within a period. Expected cash flows include all estimated net revenue and costs associated with the sale to daily rental car companies through disposal at auction. The fair value measurements are determined, reviewed and approved on a monthly basis by personnel with appropriate knowledge of transactions with daily rental car companies and auction transactions.

The following table summarizes the significant quantitative unobservable inputs and assumptions used in the fair value measurement of Equipment on operating leases, net (dollars in millions):

	Valuation Technique	Significant	Year Ended December 31,
		Unobservable Input	2012
Impaired equipment on operating leases	Cash flow	Estimated net revenue	\$ 2,530
		Estimated costs	\$ 2,711

**Automotive Financing - GM Financial**

GM Financial originates leases in the U.S. and Canada that are recorded as operating leases. A Canadian subsidiary of GM Financial originates and sells leases to a third-party with servicing retained.

The following table summarizes GM Financial equipment on operating leases, net (dollars in millions):

	December 31, 2012	December 31, 2011
GM Financial equipment on operating leases	\$ 1,910	\$ 860
Less: accumulated depreciation	(261)	(75)
GM Financial equipment on operating leases, net	<u>\$ 1,649</u>	<u>\$ 785</u>

The following table summarizes depreciation expense related to GM Financial equipment on operating leases, net (dollars in millions):

	Year Ended December 31,	
	2012	2011
Depreciation expense	\$ 205	\$ 70

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

	2013	2014	2015	2016	2017
Minimum rental receipts under operating leases	\$ 331	\$ 274	\$ 160	\$ 33	\$ 2

**Note 10. 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.

The following table summarizes information regarding Equity income, net of tax and gain on investments (dollars in millions):

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Years Ended December 31,		
	2012	2011	2010
China joint ventures (China JVs)	\$ 1,521	\$ 1,511	\$ 1,297
New Delphi (including gain on disposition)	—	1,727	117
Others (including gain on acquisition of HKJV)	41	(46)	24
Total equity income, net of tax and gain on investments	\$ 1,562	\$ 3,192	\$ 1,438

Sales and income 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, net of tax and gain on investments.

We received dividends from nonconsolidated affiliates of \$1.4 billion, \$1.2 billion and \$685 million in the years ended December 31, 2012, 2011 and 2010. At December 31, 2012 and 2011 we had undistributed earnings including dividends declared but not received, of \$1.7 billion and \$1.6 billion related to our nonconsolidated affiliates.

**Investment in China JVs**

The following table summarizes our direct ownership interests in China JVs:

	December 31, 2012	December 31, 2011
Shanghai General Motors Co., Ltd. (SGM)	50%	49%
Shanghai GM Norsom Motor Co., Ltd. (SGM Norsom)	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
Shanghai GM Dong Yue Powertrain (SGM DYPT)	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd. (SGMW)	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%	49%

SGM is a joint venture established in 1997 by 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%) and Shanghai Chengxin Used Car (33%). SGM also has a 20% equity interest in GMAC-SAIC, a joint venture established by General Motors Acceptance Corporation (now Ally Financial) (40%) and SAIC Finance Co., Ltd. (40%) in 2007.

SGMS is a joint venture established in November 2011 by SAIC (51%) and us (49%) to engage in the sales of the imported Buick, Chevrolet and Cadillac brands and the sales of automobiles manufactured by SGM.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a \$400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which was contingently exercisable based on events which we did not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC would purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on the transaction.

In September 2012 we repurchased the 1% interest in SGM for a total consideration of \$119 million, increasing our ownership interest in SGM to 50%. The transaction was accounted for by applying the equity method of accounting. The consideration exceeded our proportionate share of the 1% interest in SGM net assets by \$82 million, which consists of plant, property and equipment, intangible assets and goodwill of \$8 million, \$36 million and \$38 million.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of \$52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW.

***Sale of New Delphi***

In March 2011 we sold our Class A Membership Interests in Delphi Automotive LLP (New Delphi) to New Delphi for \$3.8 billion. The Class A Membership Interests sold represented 100% of our direct and indirect interests in New Delphi and 100% of New Delphi's Class A Membership Interests issued and outstanding. The sale terminated any direct and indirect obligation to loan New Delphi up to \$500 million under a term loan facility established in October 2009 when New Delphi was created and the Class A Membership Interests were issued. New Delphi had not borrowed under this loan facility. In March 2011 we recorded a gain of \$1.6 billion related to the sale in Equity income, net of tax and gain on investments. Our existing supply contracts with New Delphi were not affected by this transaction.

***Investment in HKJV***

In March 2011 the fair value of our investment in HKJV was determined to be less than its carrying amount. The loss in value was determined to be other-than-temporary; therefore, we recorded an impairment charge of \$39 million in the three months ended March 31, 2011. In addition we recorded other charges totaling \$67 million related to our investment in the HKJV.

We provided SAIC-HK, a 50% equity holder in HKJV through September 1, 2012, an option to not participate in future capital injections, which would otherwise be required under certain circumstances. The related option liability was \$88 million and total unrealized losses were \$64 million at December 31, 2011. A Monte Carlo option-pricing model was used to estimate the fair value of the option liability which is a Level 3 measure. The key inputs into the option pricing model were the expected volatility, risk-free rate, expected term, fair value of HKJV and expected amounts of the future funding requirement. The fair value estimate of the option was most sensitive to the fair value of HKJV, which was unobservable. A discounted cash flow methodology was utilized to estimate the fair value of HKJV.

In September 2012 SAIC-HK exercised its option to not participate in future capital injections to HKJV. As a consequence of the decision to not participate in the capital injections and our settlement of a promissory note, SAIC-HK's interest in HKJV was diluted from 50% to 14% and we obtained control of HKJV with an 86% interest. We consolidated the assets and liabilities and the results of operations of HKJV beginning on September 1, 2012. Refer to Note 4 for further detail regarding the acquisition.

***VMM Deconsolidation***

In June 2011 we entered into a new shareholder agreement with Fiat Powertrain Technologies SPA related to VM Motori (VMM) in Italy. Under the new shareholder agreement, we retain 50% ownership but no longer have control. Accordingly, we removed the assets and liabilities of VMM, which included allocated goodwill of \$36 million from our GME reporting unit, from our consolidated balance sheets and recorded an equity interest in the amount of \$46 million.

***Investment in and Summarized Financial Data of Nonconsolidated Affiliates***

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

	December 31, 2012	December 31, 2011
China JVs	\$ 6,579	\$ 6,452
Other investments	304	338
Total equity in net assets of nonconsolidated affiliates	<u>\$ 6,883</u>	<u>\$ 6,790</u>

At December 31, 2012 and 2011 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by \$3.8 billion. These differences are primarily related to the application of fresh-start reporting and purchase of additional interests in nonconsolidated affiliates, of which \$3.4 billion and \$3.3 billion at December 31, 2012 and 2011 were allocated to goodwill and the remainder was allocated to the underlying assets and liabilities, primarily intangibles, and are being

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

amortized over their useful lives.

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

	December 31, 2012			December 31, 2011		
	China JVs	Others	Total	China JVs	Others	Total
<b>Summarized Balance Sheet Data</b>						
Current assets	\$ 11,759	\$ 2,642	\$ 14,401	\$ 10,882	\$ 2,274	\$ 13,156
Non-current assets	6,766	1,507	8,273	5,293	1,863	7,156
Total assets	\$ 18,525	\$ 4,149	\$ 22,674	\$ 16,175	\$ 4,137	\$ 20,312
Current liabilities	\$ 12,612	\$ 1,893	\$ 14,505	\$ 10,526	\$ 1,492	\$ 12,018
Non-current liabilities	756	758	1,514	651	934	1,585
Total liabilities	\$ 13,368	\$ 2,651	\$ 16,019	\$ 11,177	\$ 2,426	\$ 13,603
Non-controlling interests	\$ 1,055	\$ 1	\$ 1,056	\$ 948	\$ —	\$ 948
				<b>Years Ended December 31,</b>		
				<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Summarized Operating Data</b>						
China JV's net sales				\$ 33,364	\$ 30,511	\$ 25,395
Others' net sales				3,963	4,242	17,500
Total net sales				\$ 37,327	\$ 34,753	\$ 42,895
China JV's net income				\$ 3,198	\$ 3,203	\$ 2,808
Others' net income (loss)				(23)	(13)	656
Total net income				\$ 3,175	\$ 3,190	\$ 3,464

***Transactions with Nonconsolidated Affiliates***

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

	Years Ended December 31,		
	2012	2011	2010
<b>Results of Operations</b>			
Automotive sales and revenue	\$ 2,572	\$ 3,266	\$ 2,910
Automotive purchases, net	\$ 497	\$ 1,044	\$ 2,881
Interest income and other non-operating income, net	\$ 184	\$ 34	\$ 43

	December 31, 2012	December 31, 2011
	<b>Financial Position</b>	
Accounts and notes receivable, net	\$ 1,668	\$ 1,785
Accounts and notes payable	\$ 167	\$ 342
Deferred revenue and customer deposits	\$ 46	\$ 150

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

	Years Ended December 31,		
	2012	2011	2010
<b>Cash Flows</b>			
Operating	\$ 3,385	\$ 3,624	\$ 719
Investing	\$ (41)	\$ (27)	\$ (74)

**Note 11. Property, net**

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

	Estimated Useful Lives in	December 31,	
	Years	2012	2011
Land		\$ 2,107	\$ 2,502
Buildings and improvements	5-40	4,601	4,701
Machinery and equipment	3-27	12,720	10,670
Construction in progress		3,018	3,070
Real estate, plants, and equipment		22,446	20,943
Less: accumulated depreciation		(5,556)	(4,611)
Real estate, plants, and equipment, net		16,890	16,332
Special tools, net	1-15	7,306	6,673
Total property, net		\$ 24,196	\$ 23,005

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Capitalized interest	\$ 117	\$ 91	\$ 62

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	December 31, 2012	December 31, 2011
Capitalized software in use, net	\$ 465	\$ 280
Capitalized software in the process of being developed	\$ 108	\$ 113

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, GM Financial operating and other expenses, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Depreciation and amortization expense	\$ 3,888	\$ 3,604	\$ 3,576
Impairment charges(a)	3,793	81	240
Depreciation, impairment charges and amortization expense	\$ 7,681	\$ 3,685	\$ 3,816
Capitalized software amortization expense(b)	\$ 209	\$ 203	\$ 195

(a) Includes GME assets whose fair value was \$408 million at December 31, 2012. Also includes other assets whose fair value was determined to be \$0 in the years ended December 31, 2012, 2011 and 2010 measured utilizing Level 3 inputs. Fair value measurements of the non-GME asset group long-lived assets utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved.

(b) Included in total depreciation, impairment charges and amortization expense.

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

**GME Impairment Charges**

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs.

To determine the estimated fair value of real and personal property, the cost approach, market approach and income approach were considered. Under the cost approach, the determination of fair value considered the estimates of the cost to construct or purchase a new asset of equal utility at current prices with adjustments in value for physical deterioration, functional obsolescence, and economic obsolescence. Under the market approach, the determination of fair value considered the market prices in transactions for similar assets and certain direct market values based on quoted prices from brokers and secondary market participants for similar assets. Under the income approach, the determination of fair value considered the estimate of the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset with adjustments in value for demolition costs and for the effect of an estimated holding period. Under the income approach, it was assumed fair value could not exceed the present value of the net cash flows discounted at a rate commensurate with the level of risk inherent in the subject asset. An in-exchange premise was determined to be the highest and best use.

The following table summarizes the significant Level 3 inputs for real and personal property measurements:

	Valuation Technique(s)	Unobservable Input(s)	Range
Real Property	Market approach	Demolition costs(a)	6% - 23%
	Cost approach	Holding period(b)	0 - 4 years
	Income approach	Discount rate(c)	11.2% - 14.5%
Personal Property	Market approach	Physical deterioration(d)	52% - 69%
	Cost approach	Functional obsolescence(e)	8% - 28%
		Economic obsolescence(f)	17% - 23%

(a) Represents estimated gross cost to demolish and clear the structures on the property as a percentage of replacement cost new.

(b) Represents estimated marketing period for each property; which dictates the amount of property specific holding costs to be incurred such as real estate taxes.

(c) Represents the discount rate for the specific property based on local market sources and available benchmarking data.

(d) Represents estimates of loss in asset value due to wear and tear, action of the elements, and other physical factors that reduce the life and serviceability of the asset.

(e) Represents estimated loss in asset value caused by inefficiencies and inadequacies of the asset itself.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

(f) Represents estimated loss in asset value caused by factors external to the asset such as legislative enactments, changes in use, social change, and change in supply and demand.

As a result of our fair value estimates, we adjusted the carrying amount of the GME real and personal property to fair value and recorded asset impairment charges of \$3.7 billion at December 31, 2012. These charges were recorded in our GME segment with \$3.5 billion recorded in Automotive cost of sales and \$0.2 billion recorded in Automotive selling, general and administrative expense. The fair value estimates for GME real and personal property are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

The following table summarizes GME real and personal property measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measure	Level 1	Level 2	Level 3	Total Impairment
Year ended December 31, 2012	\$ 408	\$ —	\$ —	\$ 408	\$ 3,714

Our recoverability test of the GME asset group also included intangible assets and other long-lived assets resulting in additional impairment charges of \$1.8 billion at December 31, 2012, for a total of \$5.5 billion. Refer to Note 13 for additional information regarding the impairment of intangible assets.

**Note 12. Goodwill**

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total Automotive	GM Financial	Total
Balance at January 1, 2011	\$ 26,394	\$ 3,053	\$ 901	\$ 165	\$ 30,513	\$ 1,265	\$ 31,778
Effect of adoption of ASU 2010-28	—	(1,466)	—	—	(1,466)	—	(1,466)
Impairment charges	—	(1,016)	(270)	—	(1,286)	—	(1,286)
Deconsolidation of entity(a)	—	(36)	—	—	(36)	—	(36)
Goodwill from business combinations	5	—	—	—	5	14	19
Effect of foreign currency translation and other	—	46	(21)	(14)	11	(1)	10
Balance at December 31, 2011	26,399	581	610	151	27,741	1,278	29,019
Impairment charges	(26,399)	(590)	(156)	—	(27,145)	—	(27,145)
Goodwill from business combinations(b)	—	—	61	—	61	—	61
Effect of foreign currency translation and other	—	9	34	(5)	38	—	38
Balance at December 31, 2012	\$ —	\$ —	\$ 549	\$ 146	\$ 695	\$ 1,278	\$ 1,973
Accumulated impairment charges at January 1, 2011	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accumulated impairment charges at December 31, 2011	\$ —	\$ (2,482)	\$ (270)	\$ —	\$ (2,752)	\$ —	\$ (2,752)
Accumulated impairment charges at December 31, 2012	\$ (26,399)	\$ (3,072)	\$ (426)	\$ —	\$ (29,897)	\$ —	\$ (29,897)

(a) Refer to Note 10 for additional information concerning the deconsolidation of VMM.

(b) Refer to Note 4 for additional information concerning the acquisition of HKJV.

In the three months ended December 31, 2012, 2011 and 2010 we performed our annual goodwill impairment testing as of October 1 for all reporting units. In addition, in the years ended December 31, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units.

GMNA



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

Subsequent to our 2012 annual goodwill impairment testing, we reversed \$36.2 billion of our deferred tax asset valuation allowances for our GMNA reporting unit. The reversal of the deferred tax asset valuation allowances resulted in the carrying amount of our GMNA reporting unit exceeding its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012. Based on the results of this event-driven impairment test we recorded a Goodwill impairment charge of \$26.4 billion in the three months ended December 31, 2012. At December 31, 2012, GMNA's Goodwill balance was \$0. Refer to Note 21 for additional information on the reversal of our deferred tax asset valuation allowances for our U.S. and Canadian operations.

*GME*

We adopted the provisions of ASU 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28) on January 1, 2011 and performed Step 2 of the goodwill impairment testing analysis for our GME reporting unit which had a negative carrying amount resulting in the recognition of a cumulative-effect adjustment to beginning Retained earnings. GME continued to have a negative carrying amount and because it was more likely than not further goodwill impairment existed at March 31, 2012 and at December 31, and March 31, 2011, we recorded aggregate Goodwill impairment charges of \$590 million and \$1.0 billion in the years ended December 31, 2012 and 2011. At March 31, 2012, GME's Goodwill balance was \$0.

*GMIO*

Based on our annual goodwill impairment testing we determined that goodwill was impaired for our GM Korea reporting unit at October 1, 2011, as the fair value of GM Korea decreased below its carrying amount. We performed event-driven goodwill impairment tests for GM Korea for each three month period ended subsequent to October 1, 2011. The decrease in 2011 of GM Korea's fair value was driven by a higher level of anticipated economic weakness in certain markets to which GM Korea exports coupled with lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates. Subsequent to our 2011 annual impairment testing we reversed a deferred tax asset valuation allowance for our GM Holden, Ltd. (Holden) reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value. At December 31, 2011 Holden's goodwill balance was \$0. At October 1, 2012 based on our annual goodwill impairment testing we determined that the fair value of GM South Africa decreased below its carrying amount. Based on the results of our annual and event-driven goodwill impairment tests, we recorded total Goodwill impairment charges of \$156 million and \$270 million in the years ended December 31, 2012 and 2011 within our GMIO segment. At December 31, 2012 GM South Africa's goodwill balance was \$0.

***Impairment Charges***

The impairment charges recorded as a result of the initial adoption of ASU 2010-28 and the annual and event-driven goodwill impairment tests in the years ended December 31, 2012 and 2011 represent the net decreases in implied goodwill resulting primarily from decreases in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting. The net decreases resulted primarily from the reversal of our deferred tax asset valuation allowances for certain reporting units thus resulting in the recorded amount for deferred taxes exceeding their fair values. The net decreases also resulted from improvements in our nonperformance risk and in our incremental borrowing rates since July 10, 2009. At certain of the testing dates the net decrease was also due to an increase in the high quality corporate bond rates utilized to measure our employee benefit obligations and a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk. For the purpose of deriving an implied goodwill balance, deterioration in the business outlook for GME resulted in a reduction in the fair value of certain tax attributes and an increase in estimated employee benefit obligations. The amount of implied goodwill derived from GM Korea decreased primarily from a reduction in the fair value of certain tax attributes. The amount of implied goodwill derived from GMNA and Holden decreased primarily due to the recorded amount of deferred taxes exceeding the fair values of the tax attributes.

***Fair Value Measurements***

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates, market share and discount rates that represent unobservable inputs into our valuation methodologies. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units (excluding GM Financial) include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry volumes and our market share.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3 measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculated 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, “Business Combinations.”

The following table summarizes the goodwill balances and key assumptions utilized for each of our reporting units that required a Step 2 analysis (dollars and vehicles in millions):

	Goodwill(b)	WACC	Long-Term Growth Rates	Industry Volumes(a)		Market Share(a)	
				2011/2012/2013	2015/2016	2011/2012/2013	2015/2016
GMNA - At December 31, 2012	\$ 26,399	17.5%	1.5%	18.7	20.5	17.8%	18.9%
GME - At January 1, 2011	\$ 3,053	17.0%	0.5%	18.4	22.0	6.6%	7.4%
GME - At March 31, 2011	\$ 1,661	16.5%	0.5%	18.4	22.0	6.6%	7.4%
GME - At October 1, 2011	\$ 1,246	17.5%	0.5%	19.4	21.7	6.7%	7.0%
GME - At December 31, 2011	\$ 1,193	18.5%	0.5%	19.4	22.3	6.3%	6.9%
GME - At March 31, 2012	\$ 594	17.5%	0.5%	19.1	21.9	6.2%	6.3%
GM Korea - At October 1, 2011(c)	\$ 615	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea - At December 31, 2011(c)	\$ 596	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea - At March 31, 2012(c)	\$ 564	14.8%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea - At June 30, 2012(c)	\$ 523	14.8%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea - At September 30, 2012(c)	\$ 540	14.5%	3.0%	82.1	99.8	1.2%	1.2%
GM Korea - At December 31, 2012(c)	\$ 481	14.0%	3.0%	85.0	99.7	1.2%	1.2%
Holden - At December 31, 2011	\$ 197	14.0%	2.0%	1.2	1.3	12.5%	12.6%
GM South Africa - At October 1, 2012	\$ 38	13.3%	3.5%	0.7	0.9	10.4%	10.0%

(a) GMNA forecast volumes at December 31, 2012 are 2013 through 2016. GME forecast volumes at January 1, 2011 and March 31, 2011 are 2011 through 2015 and are 2012 through 2016 thereafter. GM Korea forecast volumes are 2012 through 2015, except for at September 30, 2012 which are 2012 through 2016 and December 31, 2012 which are 2013 through 2016. Holden forecast volumes at December 31, 2011 are 2012 through 2015. GM South Africa forecast volumes at October 1, 2012 are 2012 through 2016.

(b) Represents the balance of Goodwill evaluated for impairment under the Step 2 analysis.

(c) Industry forecast volumes and market share for GM Korea are based on global industry volumes because GM Korea exports vehicles globally.

The WACCs considered various factors including bond yields, risk premiums and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond the forecast period; and industry volumes and a market share for each reporting unit included annual estimates through the forecast period. In addition minimum operating cash needs that incorporate specific business, economic and regulatory factors giving rise to varying cash needs were estimated.

During our Step 2 analyses we determined the fair values of these reporting units had not increased sufficiently to give rise to implied goodwill other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting. On the various testing dates noted in the table above, our Step 2 analyses indicated GMNA's, GME's, GM Korea's, GM South Africa's and Holden's implied goodwill was less than their recorded goodwill; therefore, goodwill was adjusted at the various dates indicated in the table above, except for at June 30,

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2012 GM Korea's implied goodwill exceeded its recorded goodwill. As such GM Korea's goodwill was not adjusted at June 30, 2012.

Future goodwill impairments that may be material could be recognized should economic uncertainty continue, our equity price decline on a sustained basis, global economies enter into another recession and industry growth stagnates, or should we release deferred tax asset valuation allowances in certain tax jurisdictions. In these circumstances future goodwill impairments would largely be affected by decreases in the fair value-to-U.S.-GAAP differences that have occurred subsequent to our application of fresh-start reporting, which in the future would primarily occur upon reversal of our remaining deferred tax asset valuation allowances or a decline in the fair value of GM Financial. Any declines would have a negative effect on our earnings that could be material.

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. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

**Note 13. Intangible Assets, net**

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

	December 31, 2012				December 31, 2011			
	Weighted-Average Remaining Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	2	\$ 7,775	\$ 6,320	\$ 1,455	3	\$ 7,751	\$ 5,081	\$ 2,670
Brands	34	4,464	431	4,033	36	5,410	374	5,036
Dealer network and customer relationships	17	1,375	327	1,048	20	2,138	322	1,816
Favorable contracts	37	367	269	98	30	514	200	314
Other	0	17	17	—	1	17	14	3
Total amortizing intangible assets	25	13,998	7,364	6,634	24	15,830	5,991	9,839
Nonamortizing in process research and development		175		175		175		175
Total intangible assets		\$ 14,173	\$ 7,364	\$ 6,809		\$ 16,005	\$ 5,991	\$ 10,014

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

	Years Ended December 31,		
	2012	2011	2010
Amortization expense	\$ 1,568	\$ 1,804	\$ 2,561
Impairment charges	\$ 1,755	\$ —	\$ —

The following table summarizes estimated amortization expense related to Intangible assets, net in each of the next five years (dollars in millions):

	2013	2014	2015	2016	2017
Estimated amortization expense	\$ 1,165	\$ 549	\$ 251	\$ 251	\$ 249

**GME Impairment Charges**

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs.

To determine the estimated fair value of the brand intangible assets, we used the relief from royalty method, which is a form of the income approach. Under this approach, revenue associated with the brand is projected over the expected remaining useful life of the asset. A royalty rate is then applied to estimate the royalty savings. The royalty rate used was based on an analysis of empirical, market-derived royalty rates for guideline intangible assets and a profit split analysis to determine a rate that is economically supported by GME's forecasted profitability. The net after-tax royalty savings are calculated for each year during the remaining economic life of the asset and discounted to present value.

To determine the estimated fair value of the dealer network, we used the cost approach with adjustments in value for the overcapacity of dealers and the sales environment in the region. We determined the fair value to be \$0.

The following table summarizes the significant Level 3 inputs for brand intangible assets measurements:

	Valuation Technique	Unobservable Input(s)	Percentage
Brand intangible assets	Income approach	Long-term growth rate	0.50%
		Pre-tax royalty rate(a)	0.14%
		Discount rate(b)	21.25%

(a) Represents estimated savings realized from owning the asset or having the royalty-free right to use the asset.

(b) Represents WACC adjusted for perceived business risks related to these intangible assets.

As a result of our fair value estimates, we adjusted the carrying amount of the GME intangible assets to fair value and recorded asset impairment charges of \$1.8 billion at December 31, 2012. These charges were recorded in our GME segment with \$1.6 billion recorded in Automotive selling, general and administrative expense and \$0.2 billion recorded in Automotive cost of sales. The fair value estimates for GME's intangible assets are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

The following table summarizes brand intangible assets in GME measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measure	Level 1	Level 2	Level 3	Total Impairment
Year ended December 31, 2012	\$ 139	\$ —	\$ —	\$ 139	\$ 1,755

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our recoverability test of the GME asset group includes real and personal property, resulting in additional impairment charges of \$3.7 billion at December 31, 2012, for a total of \$5.5 billion. Refer to Note 11 for additional information regarding the impairment of real and personal property.

**Note 14. Restricted Cash and Marketable Securities**

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. Refer to Note 7 for additional information on securities classified as Restricted cash and marketable securities.

**Automotive**

At December 31, 2012 and 2011 we held securities of \$403 million and \$562 million that were classified as Restricted cash and marketable securities.

The following table summarizes the components of Restricted cash and marketable securities (dollars in millions):

	December 31, 2012	December 31, 2011
<b>Current</b>		
Total current restricted cash and marketable securities(a)	\$ 220	\$ 206
<b>Non-current</b>		
Collateral for insurance related activities	74	407
Other restricted cash and marketable securities(a)	306	505
Total non-current restricted cash and marketable securities	380	912
Total restricted cash and marketable securities	<u>\$ 600</u>	<u>\$ 1,118</u>

(a) Includes amounts related to various deposits, escrows and other cash collateral.

**Automotive Financing - GM Financial**

The following table summarizes the components of Restricted cash (dollars in millions):

	December 31, 2012	December 31, 2011
<b>Current</b>		
Securitization notes and credit facilities	\$ 442	\$ 758
Other(a)	24	41
Total current restricted cash	466	799
<b>Non-current</b>		
Securitization notes and credit facilities	302	298
Other(a)	—	18
Total non-current restricted cash	302	316
Total restricted cash	<u>\$ 768</u>	<u>\$ 1,115</u>

(a) Pledged in association with derivative transactions and cash collections related to leases serviced for a third-party.

**Note 15. Variable Interest Entities****Consolidated VIEs****Automotive**

VIEs that we do not control through a majority voting interest that are consolidated because we are the primary beneficiary

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

include certain vehicle assembling, manufacturing and selling venture arrangements, the most significant of which is GM Egypt. We consolidated GM Egypt in January 2010 in connection with our adoption of amendments to ASC 810, "Consolidation." GM Egypt, a 31% owned operating entity, assembles and manufactures vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. At December 31, 2012 and 2011; (1) Total assets of these VIEs were \$436 million and \$463 million, which were composed of Cash and cash equivalents, Accounts and notes receivables, net, Inventories, and Property, net; and (2) Total liabilities were \$254 million and \$298 million, which were composed of Accounts payable (principally trade), and Accrued and other liabilities. In the years ended December 31, 2012 and 2011 Total net sales and revenue recorded for these consolidated VIEs were \$1.0 billion and \$748 million and Net income was \$56 million and \$61 million. These amounts are stated prior to intercompany eliminations. Liabilities recognized as a result of consolidating VIEs generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of the VIEs' operations and cannot be used to satisfy our obligations.

HKJV and GM Korea are non-wholly owned consolidated subsidiaries that we control through a majority voting interest. They are also VIEs because in the future they may require additional subordinated financial support.

The following table summarizes the liabilities of HKJV and GM Korea for which their creditors do not have recourse to our general credit (dollars in millions):

	December 31, 2012			December 31, 2011
	GM Korea	HKJV(a)	Total	GM Korea
Short-term debt	\$ 124	\$ 104	\$ 228	\$ 171
Current derivative	\$ 18	\$ —	\$ 18	\$ 44
Long-term debt	\$ 2	\$ 120	\$ 122	\$ 7

(a) Consolidated effective September 1, 2012. Refer to Notes 4 and 10 for additional information on the acquisition of HKJV.

In February 2011 we provided a guarantee to a minority shareholder in GM Korea to repurchase the GM Korea mandatorily redeemable preferred shares according to the redemption schedule should GM Korea not repurchase the shares. This guarantee decreased the amount of long-term debt which did not have recourse to our general credit in the years ended December 31, 2012 and 2011.

***Automotive Financing - GM Financial***

GM Financial finances its loan and lease origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains a residual interest in these entities and is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The SPEs are considered VIEs because they do not have sufficient equity at risk and are consolidated because GM Financial has the power over those activities that most significantly affect the economic performance of the SPEs. The finance receivables, leased assets and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries. Refer to Notes 5, 6 and 17 for additional information on GM Financial's involvement with the SPEs.

**Nonconsolidated VIEs*****Automotive***

VIEs that are not consolidated include certain vehicle assembling, manufacturing and selling venture arrangements and other automotive related entities to which we provided financial support, including HKJV prior to September 2012 and Ally Financial. We concluded these entities are VIEs because they do not have sufficient equity at risk or may require additional subordinated financial support. We currently lack the power through voting or similar rights to direct those activities of these entities that most significantly affect their economic performance. Our variable interests in these nonconsolidated VIEs include accounts and notes receivable, equity in net assets, guarantees and financial support, some of which were provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns.

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees

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

and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 27 (dollars in millions):

	December 31, 2012		December 31, 2011	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
<b>Assets</b>				
Equity in net assets of nonconsolidated affiliates	\$ 117	\$ 113	\$ 190	\$ 186
Other assets	12	12	2	2
Total assets	\$ 129	\$ 125	\$ 192	\$ 188
<b>Liabilities</b>				
Other liabilities	\$ 45		\$ 198	
<b>Off-Balance Sheet</b>				
Loan commitments		\$ 15		\$ 15
Other liquidity arrangements(a)		17		220
Total guarantees and liquidity arrangements		\$ 32		\$ 235

(a) Amounts at December 31, 2011 represented additional contingent future capital funding requirements related primarily to HKJV.

Refer to Note 27 for additional information on Ally Financial, including our maximum exposure to loss under agreements with Ally Financial and our recorded investment in Ally Financial. Refer to Notes 4 and 10 for additional information on our investment in HKJV.

**Note 16. Accrued Liabilities, Other Liabilities and Deferred Income Taxes**

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

	December 31, 2012	December 31, 2011
<b>Current</b>		
Dealer and customer allowances, claims and discounts	\$ 7,722	\$ 6,820
Deposits primarily from rental car companies	4,250	4,883
Deferred revenue	1,326	1,137
Policy, product warranty and recall campaigns	2,919	3,061
Payrolls and employee benefits excluding postemployment benefits	2,144	1,993
Other	4,947	4,981
Total accrued liabilities	\$ 23,308	\$ 22,875
<b>Non-current</b>		
Deferred revenue	\$ 1,169	\$ 1,300
Policy, product warranty and recall campaigns	4,285	3,539
Employee benefits excluding postemployment benefits	1,359	1,380
Postemployment benefits including facility idling reserves	1,518	1,674
Other	4,838	4,549
Total other liabilities and deferred income taxes	\$ 13,169	\$ 12,442

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

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

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	\$ 6,600	\$ 6,789	\$ 7,030
Warranties issued and assumed in period	3,394	3,062	3,204
Payments	(3,393)	(3,740)	(3,662)
Adjustments to pre-existing warranties	539	565	210
Effect of foreign currency translation	64	(76)	7
Ending balance	\$ 7,204	\$ 6,600	\$ 6,789

**Note 17. Short-Term and Long-Term Debt**

**Automotive**

***Short-Term Debt and Long-Term Debt***

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

	December 31, 2012	December 31, 2011
<b>Short-term debt</b>		
Wholesale financing(a)	\$ 889	\$ 1,081
GM Korea mandatorily redeemable preferred shares	467	312
Capital leases	183	139
Other short-term debt and current portion of long-term debt	209	150
Total automotive short-term debt and current portion of long-term debt	1,748	1,682
<b>Long-term debt</b>		
Canadian Health Care Trust (HCT) notes	1,239	1,141
GM Korea mandatorily redeemable preferred shares	—	666
Capital leases	855	853
Other long-term debt(a)	1,330	953
Total automotive long-term debt	3,424	3,613
Total automotive debt(b)	\$ 5,172	\$ 5,295
Fair value of automotive debt(c)	\$ 5,298	\$ 5,467
Available under credit facility agreements	\$ 11,119	\$ 5,308
Interest rate range on outstanding debt(d)	0.0-19.0%	0.0-19.0%
Weighted-average interest rate on outstanding short-term debt(d)	3.7%	5.0%
Weighted-average interest rate on outstanding long-term debt(d)	4.0%	3.6%

(a) Includes debt obligations to Ally Financial of \$869 million and \$1.1 billion at December 31, 2012 and 2011.

(b) Net of a \$1.1 billion and \$1.6 billion discount at December 31, 2012 and 2011.

(c) The fair value of debt included \$4.1 billion and \$4.4 billion measured utilizing Level 2 inputs at December 31, 2012 and 2011. The fair value of debt included \$1.2 billion and \$1.1 billion measured utilizing Level 3 inputs at December 31, 2012 and 2011.

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

The Level 2 fair value measurements utilize a discounted cash flow model. The valuation is reviewed internally by personnel with appropriate expertise in valuation methodologies. This model utilizes observable inputs such as contractual repayment terms and benchmark forward yield curves, plus a spread that is intended to represent our nonperformance risk for secured or unsecured obligations. We estimate our nonperformance risk using our corporate credit rating, the rating on our secured revolving credit facilities, yields on traded bonds of companies with comparable credit ratings and risk profiles. We acquire the benchmark yield curves and nonperformance risk spread from independent sources that are widely used in the financial industry. In certain



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

circumstances we adjust the valuation of debt for additional nonperformance risk or potential prepayment probability scenarios. We may use a probability weighting of prepayment scenarios when the stated rate exceeds market rates and the instrument contains prepayment features. The prepayment scenarios are adjusted to reflect the views of market participants. The fair value measurements subject to additional adjustments for nonperformance risk or prepayment have been categorized within Level 3.

The following table summarizes our short-term and long-term debt by collateral type (dollars in millions):

	December 31, 2012	December 31, 2011
Unsecured debt	\$ 2,952	3,065
Secured debt(a)	1,182	1,238
Capital leases	1,038	992
Total automotive debt	\$ 5,172	\$ 5,295

(a) Includes wholesale financing of dealer inventory.

***Wholesale Financing***

Wholesale financing represents arrangements, primarily with Ally Financial, where cash is received in advance of the final sale of vehicles, parts and accessories to our dealers or ultimate consumer. These obligations typically settle through the sale and delivery of our product and generally do not require cash outflows to settle. Balances under these facilities fluctuate period to period based on the volume of vehicles financed.

***HCT Notes***

As part of the establishment of the HCT to provide retiree healthcare benefits to certain active and retired employees in Canada, we issued notes to the HCT with a fair value of \$1.1 billion in October 2011. We recorded a premium of \$42 million at issuance. The notes accrue interest at an annual rate of 7.0%. The notes are due in periodic installments through 2018. We may prepay these notes at any time. Refer to Note 18 for additional information on the HCT settlement.

***GM Korea Preferred Shares***

GM Korea has outstanding non-convertible mandatorily redeemable preferred shares. Dividends accrued at a rate of 2.5% through October 2012 at which time the rate increased to 7.0% and remains in effect through 2017. The mandatorily redeemable preferred shares are redeemable in periodic installments through 2017. In February 2011 we provided a guarantee to repurchase the mandatorily redeemable preferred shares according to the redemption schedule if GM Korea does not have sufficient legally distributable earnings. In December 2012 GM Korea made a payment of \$671 million to redeem early a portion of shares that had a carrying amount of \$429 million and the difference was recorded as a loss on extinguishment of debt. GM Korea has the option to redeem the remainder of the shares early provided sufficient legally distributable earnings exist.

***Secured Revolving Credit Facilities***

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of \$11.0 billion. These facilities consist of a three-year, \$5.5 billion facility and a five-year, \$5.5 billion facility and replaced our previous five-year, \$5.0 billion secured revolving credit facility that we entered into in October 2010. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, \$5.5 billion facility is available to GM Financial as well as certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of \$4.0 billion, a multi-currency borrowing sub-limit of \$3.5 billion, a Brazilian Real borrowing sub-limit of approximately \$485 million and a letter of credit sub-facility limit of \$1.5 billion. We had amounts in use under the letter of credit sub-facility of \$207 million at December 31, 2012.

The five-year, \$5.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of \$500 million. This facility is not available to GM Financial.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Our obligations under the secured revolving credit facilities are guaranteed by certain of our domestic subsidiaries and by a substantial portion of our domestic assets including accounts receivable, inventory, property, plant and equipment, intellectual property and trademarks, equity interests in certain of our direct domestic subsidiaries as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facilities does not include, among other assets, cash, cash equivalents and marketable securities as well as our investments in GM Financial, GM Korea and in our China JVs. If we receive an investment grade corporate rating from two or more of the following credit rating agencies: Fitch Ratings, Moody's Investor Service and Standard & Poor's, we will no longer have to post collateral or provide guarantees from certain domestic subsidiaries under the terms of the facilities. If we fail to maintain an investment grade corporate rating from at least two of the above listed rating agencies, these guarantees will be reinstated.

The secured revolving credit facilities contain representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. These restricted payments include, among others, limitations on our ability to pay dividends and purchase our common stock in certain circumstances. The facilities contain minimum liquidity covenants, which require us to maintain at least \$4.0 billion in consolidated global liquidity and at least \$2.0 billion in consolidated U.S. liquidity.

Interest rates on obligations under the secured revolving credit facilities are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the secured revolving credit facilities or our corporate rating depending on certain criteria.

***UST Credit Agreement***

In April 2010 we repaid the full outstanding amount under the loan agreement with the United States Department of the Treasury (UST). Amounts repaid under the agreement may not be reborrowed. While we have repaid the loans from the UST in full, certain of the covenants in the UST credit agreement remain, including covenants regarding executive compensation and expense policies. These covenants remain effective until it is determined that we are not a recipient of exceptional financial assistance or their earlier termination.

***Gains (Losses) on Extinguishment of Debt***

In the year ended December 31, 2012 we prepaid and retired debt obligations with a total carrying amount of \$514 million and recorded a loss on extinguishment of debt of \$250 million which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares of \$242 million. In the year ended December 31, 2011 we prepaid and retired in full debt facilities of \$1.0 billion held by certain of our subsidiaries, primarily in GMNA and GMSA, and recorded a gain on these debt facilities of \$18 million. In the year ended December 31, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Note Agreement (VEBA Notes) of \$2.8 billion, which resulted in a gain on extinguishment debt of \$198 million.

***Technical Defaults and Covenant Violations***

Several of our loan facilities, including our secured revolving credit facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. 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 to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2012.

**Automotive Financing - GM Financial**

The following table summarizes the current and non-current portion of debt (dollars in millions):

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

	December 31, 2012	December 31, 2011
Short-term debt and current portion of long-term debt	\$ 3,770	\$ 4,118
Long-term debt	7,108	4,420
<b>Total GM Financial debt</b>	<b>\$ 10,878</b>	<b>\$ 8,538</b>

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

	Level	December 31, 2012		December 31, 2011	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Credit facilities</b>					
Medium-term note facility	3	\$ —	\$ —	\$ 294	\$ 294
Syndicated warehouse facility	2	—	—	621	621
Lease warehouse facilities	2	354	354	181	181
Bank funding facility	3	—	—	3	3
<b>Total credit facilities</b>		<b>354</b>	<b>354</b>	<b>1,099</b>	<b>1,099</b>
<b>Securitization notes payable</b>					
Securitization notes payable	1	8,534	8,669	6,938	6,946
Private securitization 2012-PP1	3	490	502		
<b>Total securitization notes payable</b>		<b>9,024</b>	<b>9,171</b>	<b>6,938</b>	<b>6,946</b>
<b>Senior notes</b>	<b>2</b>	<b>1,500</b>	<b>1,620</b>	<b>501</b>	<b>511</b>
<b>Total GM Financial debt</b>		<b>\$ 10,878</b>	<b>\$ 11,145</b>	<b>\$ 8,538</b>	<b>\$ 8,556</b>

The carrying amounts of the syndicated warehouse facility and lease warehouse facilities are considered to be a reasonable estimate of their fair values because these facilities have variable rates of interest and maturities of approximately one year. The fair values of the bank funding facility, securitization notes payable and senior notes are based on quoted market prices, when available. If quoted prices are not available the market value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

The estimated fair value of the medium-term note facility is based on observable and unobservable inputs. Observable inputs are used regarding an advance rate on the receivables to generate an estimated debt amount as well as the interest rate used to calculate the series of estimated principal payments. Those series of principal and interest payments are discounted using an unobservable interest rate based on the most recent securitization in order to estimate fair value which would approximate the market value.

GM Financial uses observable and unobservable inputs to estimate the fair value for the private securitization 2012-PP1. Unobservable inputs are related to the structuring of the debt into various classes, which is based on public securitizations issued during the same time frame. Observable inputs are used by obtaining active prices based on the securitization debt issued during the same time frame. These observable inputs are then used to create expected market prices (unobservable inputs), which are then applied to the debt classes in order to estimate fair value which would approximate market value.

**Credit Facilities**

The following table summarizes further details regarding terms and availability of GM Financial's credit facilities at December 31, 2012 (dollars in millions):

	Facility Amount	Advances Outstanding	Assets Pledged	Restricted Cash Pledged(a)
Syndicated warehouse facility(b)	\$ 2,500	\$ —	\$ —	\$ —
Canada lease warehouse facility(c)	803	354	540	3
U.S. lease warehouse facility(d)	600	—	—	—
		<b>\$ 354</b>	<b>\$ 540</b>	<b>\$ 3</b>

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

- (a) These amounts do not include cash collected on finance receivables and leasing related assets pledged of \$12 million which is included in Restricted cash and marketable securities.
- (b) In May 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the receivables pledged until February 2020 when the remaining balance will be due and payable.
- (c) In July 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until January 2019 when any remaining balance will be due and payable. Borrowings in the facility are collateralized by leased assets. At December 31, 2012 the facility amount represents Canadian Dollar (CAD) \$800 million and the advances outstanding amount represents CAD \$353 million.
- (d) In January 2013 GM Financial extended the maturity date of this facility to May 2014. In May 2014 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the related leased assets pledged until November 2019 when any remaining amount outstanding will be due and payable.

As previously described GM Financial has the ability to borrow against our three-year \$5.5 billion secured revolving credit facility.

***Credit Facility Covenants***

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings and/or remove GM Financial as servicer. As of December 31, 2012 GM Financial was in compliance with all covenants in its credit facilities.

***Securitization Notes Payable***

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase accounting premium of \$133 million that is being amortized over the expected term of the notes. At December 31, 2012 and 2011 unamortized purchase accounting premium of \$11 million and \$43 million is included in Securitization notes payable.

The following table summarizes securitization notes payable (dollars in millions):

Year of Transactions	Maturity Dates(a)	December 31, 2012			December 31, 2011	
		Original Note Amounts	Original Weighted-Average Interest Rates	Total Receivables Pledged	Note Balance	Note Balance
2006	January 2014	\$ 1,200	5.4%	\$ —	\$ —	\$ 63
2007	October 2013 - March 2016	\$ 1,000 - 1,500	5.2% - 5.5%	—	—	794
2008	January 2015 - April 2015	\$ 500	8.7% - 10.5%	147	24	171
2009	January 2016 - July 2017	\$ 227 - 725	2.7% - 7.5%	207	160	298
2010	July 2017 - April 2018	\$ 200 - 850	2.2% - 3.8%	1,230	1,095	1,756
2011	July 2018 - March 2019	\$ 800 - 1,000	2.4% - 2.9%	2,728	2,519	3,813
2012	June 2019 - May 2020	\$ 800 - 1,300	1.4% - 2.9%	5,590	5,215	
				<u>\$ 9,902</u>	<u>9,013</u>	<u>6,895</u>
	Purchase accounting premium				<u>11</u>	<u>43</u>
	Total securitization notes payable				<u>\$ 9,024</u>	<u>\$ 6,938</u>

- (a) Maturity dates represent final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

**Senior Notes**

In August 2012 GM Financial issued 4.75% senior notes of \$1.0 billion which are due in August 2017 with interest payable semiannually. GM Financial intends to use the net proceeds from this offering for general corporate purposes including, but not limited to, acquisitions. The notes are guaranteed by GM Financial's principal operating subsidiary.

In connection with the issuance of these senior notes, GM Financial entered into a registration rights agreement that requires GM Financial to file a registration statement with the Securities and Exchange Commission (SEC) for an exchange offer with respect to the 4.75% senior notes and the subsidiary guaranty. If the registration statement has not been declared effective by the SEC within 365 days from the original issuance of the senior notes or ceases to remain effective, GM Financial will be required to pay the 4.75% senior note holders a maximum amount of \$0.50 per week of additional interest per \$1,000 of principal during the time the registration statement is not effective, for a period of up to one year.

In June 2011 GM Financial issued 6.75% senior notes of \$500 million which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of \$71 million from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

**Interest Expense****Consolidated**

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

	Years Ended December 31,		
	2012	2011	2010
Loans from UST	\$ —	\$ —	\$ 117
Canadian Loan	—	—	26
VEBA Notes	—	—	166
Capital leases	98	101	72
Amortization of debt discounts and issuance fees	189	200	163
Ally Financial, primarily wholesale financing	41	63	243
Other	161	176	311
Total Automotive interest expense	489	540	1,098
GM Financial interest expense	283	204	37
Total interest expense	\$ 772	\$ 744	\$ 1,135

**Debt Maturities****Consolidated**

The following table summarizes contractual maturities including capital leases at December 31, 2012 (dollars in millions):

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

	Automotive	Automotive Financing(a)	Total
2013	\$ 1,289	\$ 3,760	\$ 5,049
2014	315	2,324	2,639
2015	473	1,772	2,245
2016	363	1,073	1,436
2017	1,391	1,438	2,829
Thereafter	2,369	500	2,869
	<u>\$ 6,200</u>	<u>\$ 10,867</u>	<u>\$ 17,067</u>

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes principal amounts are based on maturity.

At December 31, 2012 future interest payments on automotive capital lease obligations were \$644 million. GM Financial does not have capital lease obligations at December 31, 2012.

**Note 18. 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 15, 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 on September 30, 2012 for U.S. salaried employees and on December 31, 2012 for 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.

*Pension Contributions*

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2012 all legal funding requirements had been met. We expect to contribute \$97 million to our U.S. non-qualified plans and \$823 million to our non-U.S. pension plans in 2013.

The following table summarizes contributions made to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. hourly and salaried	\$ 2,420	\$ 1,962	\$ 4,095
Non-U.S.	855	836	777
Total	<u>\$ 3,275</u>	<u>\$ 2,798</u>	<u>\$ 4,872</u>

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at \$2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at \$1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

We continue to pursue various options to fund and derisk our pension plans, including continued changes to the pension asset

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

portfolio mix to reduce funded status volatility.

***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.

***OPEB Contributions***

The following table summarizes contributions to the U.S. OPEB plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Employer contributions	\$ 432	\$ 426	\$ 651
Plan participants' contributions	4	13	53
Total contributions	\$ 436	\$ 439	\$ 704

For the year ended December 31, 2011 we also contributed \$1.9 billion to the independent HCT consisting of restricted cash of \$0.8 billion and notes payable of \$1.1 billion.

***Defined Contribution Plans***

We have a defined contribution plan for eligible U.S. salaried employees. This plan provides discretionary matching contributions which we instituted in October 2009. U.S. hourly employees hired after October 1, 2007 also participate in a defined contribution plan. Contributions are also made to certain non-U.S. defined contribution plans.

The following table summarizes our contributions to defined contribution plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Total contributions	\$ 352	\$ 297	\$ 241

**Significant Plan Amendments, Benefit Modifications and Related Events*****U.S. Salaried Defined Benefit Pension Plan***

In January 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. This amendment resulted in a curtailment which decreased the pension liability and decreased the net pre-tax actuarial loss component of Accumulated other comprehensive loss by \$309 million. Active plan participants receive additional contributions in the defined contribution plan starting in October 2012.

In August 2012 the salaried pension plan was amended to divide the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. After the amendment the original salaried pension plan (Retiree Plan) covers the majority of retirees currently receiving payments. As a result of this amendment a remeasurement of the Retiree Plan on August 1, 2012 increased the pension liability and the net pre-tax actuarial loss component of Accumulated other comprehensive loss by \$654 million, due primarily to a decrease in the discount rate from 4.21% to 3.37% on a weighted-average basis, partially offset by actual asset returns in excess of expected amounts.

In August 2012 lump-sum distributions of \$3.6 billion were made from the Retiree Plan to 12,500 plan participants resulting in a partial plan settlement necessitating a plan remeasurement for the Retiree Plan on August 31, 2012. The settlement resulted in a pre-tax loss of \$54 million. The effect on our financial condition was insignificant.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company and paid a total annuity premium of \$25.1 billion and the Retiree Plan settled two other previously guaranteed obligations, with separate



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

insurance companies, totaling \$1.9 billion. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants in the Retiree Plan and assume all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these annuity purchase transactions we have settled the remaining obligations of the Retiree Plan in their entirety resulting in a pre-tax settlement loss of \$2.5 billion (\$2.1 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of \$377 million, and the premium paid to the insurance company of \$2.1 billion. The tax benefit of \$413 million is composed of the statutory tax benefit of \$1.0 billion offset by tax expense of \$596 million associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit).

In 2012 we provided short-term, interest-free, unsecured loans to the Retiree Plan to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. In August 2012 we loaned the Retiree Plan \$2.0 billion with principal due within 90 days. In the three months ended December 31, 2012 \$1.5 billion of the \$2.0 billion loan was contributed to the Retiree Plan, \$250 million was repaid to us and the remaining \$250 million, which had been converted into a new interest-free loan, is due on or before April 15, 2013. In October 2012 we provided a loan of \$180 million to the Retiree Plan that was repaid to us in December 2012. At December 31, 2012 \$160 million of the remaining \$250 million loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us.

***Canadian Salaried Defined Benefit Plans***

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012 and provide active employees a lump-sum distribution option at retirement. The remeasurement, amendments and offsetting curtailment increased the pension liability by \$84 million, and resulted in a net decrease in the pre-tax components of Accumulated other comprehensive loss comprising net actuarial loss of \$58 million, net actuarial curtailment gain of \$20 million and prior service cost of \$46 million. Active plan participants will receive additional contributions in the defined contribution plan starting in January 2013.

We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan. These amendments decreased the OPEB liability by \$28 million and resulted in a net increase in the pre-tax components of Accumulated other comprehensive loss comprising prior service credit of \$51 million and net actuarial loss of \$23 million.

***Canadian HCT***

In October 2011 pursuant to a June 2009 agreement between General Motors of Canada Limited (GMCL) and the CAW an independent HCT was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement and recorded a gain of \$749 million in Automotive cost of sales. The settlement gain represents the difference between the healthcare plan obligation of \$3.1 billion (as of the implementation date) and the fair value of the notes and restricted cash contributed totaling \$1.9 billion, and recognition of Accumulated other comprehensive loss of \$414 million.

***Other Remeasurements***

In March 2012 certain pension plans in GME were remeasured as part of our Goodwill impairment testing, resulting in an increase of \$150 million in the pension liability and a pre-tax increase in the net actuarial loss component of Accumulated other comprehensive loss.

In September 2011 a plan which provides legal services to U.S. hourly employees and retirees was remeasured as a result of our labor agreement provisions which terminate the plan effective December 31, 2013. The negotiated termination has been accounted for as a negative plan amendment resulting in a decrease in the OPEB liability and a pre-tax increase of \$266 million in the prior service credit component of Accumulated other comprehensive loss, which is being amortized through December 31,



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

2013.

In March 2011 certain pension plans in GME were remeasured as part of our Goodwill impairment testing, resulting in a decrease of \$272 million in the pension liability and a pre-tax increase in the net actuarial gain component of Accumulated other comprehensive loss.

Refer to Note 12 for additional information on our Goodwill impairment.

**Pension and OPEB Obligations and Plan Assets**

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

	Year Ended December 31, 2012			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
<b>Change in benefit obligations</b>				
Beginning benefit obligation	\$ 108,562	\$ 25,765	\$ 5,822	\$ 1,490
Service cost	452	383	23	16
Interest cost	4,055	1,110	234	63
Plan participants' contributions	—	7	4	1
Amendments	(32)	139	—	(52)
Actuarial losses	8,432	2,774	622	13
Benefits paid	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	682	—	30
Curtailments, settlements and other	(30,937)	(8)	2	22
Ending benefit obligation	<u>82,110</u>	<u>29,301</u>	<u>6,271</u>	<u>1,528</u>
<b>Change in plan assets</b>				
Beginning fair value of plan assets	94,349	14,541	—	—
Actual return on plan assets	10,332	1,344	—	—
Employer contributions	2,420	855	432	54
Plan participants' contributions	—	7	4	1
Benefits paid	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	389	—	—
Settlements	(30,629)	(207)	—	—
Other	35	163	—	—
Ending fair value of plan assets	<u>68,085</u>	<u>15,541</u>	<u>—</u>	<u>—</u>
Ending funded status	<u>\$ (14,025)</u>	<u>\$ (13,760)</u>	<u>\$ (6,271)</u>	<u>\$ (1,528)</u>
<b>Amounts recorded in the consolidated balance sheets</b>				
Non-current assets	\$ —	\$ 73	\$ —	\$ —
Current liabilities	(95)	(343)	(406)	(84)
Non-current liabilities	(13,930)	(13,490)	(5,865)	(1,444)
Net amount recorded	<u>\$ (14,025)</u>	<u>\$ (13,760)</u>	<u>\$ (6,271)</u>	<u>\$ (1,528)</u>
<b>Amounts recorded in Accumulated other comprehensive loss</b>				
Net actuarial loss	\$ (1,434)	\$ (4,786)	\$ (1,573)	\$ (188)
Net prior service (cost) credit	42	(111)	135	118
Total recorded in Accumulated other comprehensive loss	<u>\$ (1,392)</u>	<u>\$ (4,897)</u>	<u>\$ (1,438)</u>	<u>\$ (70)</u>

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

	Year Ended December 31, 2011			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
<b>Change in benefit obligations</b>				
Beginning benefit obligation	\$ 103,395	\$ 24,762	\$ 5,667	\$ 4,252
Service cost	494	399	23	30
Interest cost	4,915	1,215	265	186
Plan participants' contributions	—	7	13	9
Amendments	(6)	(10)	(284)	(2)
Actuarial losses	8,494	1,530	548	343
Benefits paid	(8,730)	(1,561)	(439)	(180)
Early retirement reinsurance program receipts	—	—	29	—
Foreign currency translation adjustments	—	(508)	—	(128)
HCT settlement	—	—	—	(3,051)
Curtailments, settlements, and other	—	(69)	—	31
Ending benefit obligation	<u>108,562</u>	<u>25,765</u>	<u>5,822</u>	<u>1,490</u>
<b>Change in plan assets</b>				
Beginning fair value of plan assets	91,007	14,903	—	—
Actual return on plan assets	10,087	686	—	—
Employer contributions	1,962	836	426	171
Plan participants' contributions	—	7	13	9
Benefits paid	(8,730)	(1,561)	(439)	(180)
Foreign currency translation adjustments	—	(258)	—	—
Settlements	—	(34)	—	—
Other	23	(38)	—	—
Ending fair value of plan assets	<u>94,349</u>	<u>14,541</u>	<u>—</u>	<u>—</u>
Ending funded status	<u>\$ (14,213)</u>	<u>\$ (11,224)</u>	<u>\$ (5,822)</u>	<u>\$ (1,490)</u>
<b>Amounts recorded in the consolidated balance sheets</b>				
Non-current assets	\$ —	\$ 61	\$ —	\$ —
Current liabilities	(99)	(324)	(411)	(65)
Non-current liabilities	(14,114)	(10,961)	(5,411)	(1,425)
Net amount recorded	<u>\$ (14,213)</u>	<u>\$ (11,224)</u>	<u>\$ (5,822)</u>	<u>\$ (1,490)</u>
<b>Amounts recorded in Accumulated other comprehensive loss</b>				
Net actuarial loss	\$ (1,352)	\$ (2,498)	\$ (1,003)	\$ (177)
Net prior service credit	15	19	251	76
Total recorded in Accumulated other comprehensive loss	<u>\$ (1,337)</u>	<u>\$ (2,479)</u>	<u>\$ (752)</u>	<u>\$ (101)</u>

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

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

	December 31, 2012		December 31, 2011	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	\$ 82,103	\$ 28,880	\$ 108,195	\$ 25,404
<b>Plans with ABO in excess of plan assets</b>				
ABO	\$ 82,103	\$ 28,156	\$ 108,195	\$ 24,687
Fair value of plan assets	\$ 68,085	\$ 14,702	\$ 94,349	\$ 13,738
<b>Plans with PBO in excess of plan assets</b>				
PBO	\$ 82,110	\$ 28,537	\$ 108,562	\$ 25,024
Fair value of plan assets	\$ 68,085	\$ 14,704	\$ 94,349	\$ 13,739

The following tables summarize 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, 2012			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
<b>Components of expense</b>				
Service cost	\$ 590	\$ 411	\$ 23	\$ 16
Interest cost	4,055	1,110	234	63
Expected return on plan assets	(5,029)	(870)	—	—
Amortization of prior service cost (credit)	(1)	1	(116)	(12)
Recognized net actuarial loss	2	35	52	6
Curtailments, settlements and other losses	2,580	71	—	11
Net periodic pension and OPEB expense	<u>\$ 2,197</u>	<u>\$ 758</u>	<u>\$ 193</u>	<u>\$ 84</u>
<b>Weighted-average assumptions used to determine benefit obligations</b>				
Discount rate	3.59%	3.70%	3.68%	3.97%
Rate of compensation increase(a)	N/A	2.77%	4.50%	4.21%
<b>Weighted-average assumptions used to determine net expense</b>				
Discount rate	4.06%	4.45%	4.24%	4.31%
Expected return on plan assets	6.18%	6.20%	N/A	N/A
Rate of compensation increase	4.50%	3.15%	4.50%	4.21%

(a) As a result of ceasing the accrual of additional benefits for participants in the Retiree Plan in 2012, the rate of compensation increase does not have a significant effect on our U.S. pension plans.

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

	Year Ended December 31, 2011			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
<b>Components of expense</b>				
Service cost	\$ 632	\$ 399	\$ 23	\$ 30
Interest cost	4,915	1,215	265	186
Expected return on plan assets	(6,692)	(925)	—	—
Amortization of prior service credit	(2)	(2)	(39)	(9)
Recognized net actuarial loss	—	—	6	—
Curtailments, settlements and other gains	(23)	(7)	—	(749)
Net periodic pension and OPEB (income) expense	<u>\$ (1,170)</u>	<u>\$ 680</u>	<u>\$ 255</u>	<u>\$ (542)</u>
<b>Weighted-average assumptions used to determine benefit obligations</b>				
Discount rate	4.15%	4.50%	4.24%	4.37%
Rate of compensation increase	4.50%	3.11%	4.50%	4.20%
<b>Weighted-average assumptions used to determine net expense</b>				
Discount rate	4.96%	5.16%	5.05%	5.01%
Expected return on plan assets	8.00%	6.50%	N/A	N/A
Rate of compensation increase	3.96%	3.25%	4.50%	4.42%

	Year Ended December 31, 2010			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
<b>Components of expense</b>				
Service cost	\$ 548	\$ 386	\$ 21	\$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognized net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	<u>\$ (789)</u>	<u>\$ 666</u>	<u>\$ 312</u>	<u>\$ 223</u>
<b>Weighted-average assumptions used to determine benefit obligations</b>				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
<b>Weighted-average assumptions used to determine net expense</b>				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	N/A
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

U.S. pension plan service cost includes administrative expenses of \$138 million, \$138 million and \$97 million for the years ended December 31, 2012, 2011 and 2010. 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 service cost includes administrative expenses of \$28 million for the year ended December 31, 2012.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes estimated amounts to be amortized from Accumulated other comprehensive loss into net periodic benefit cost in the year ended 2013 based on December 31, 2012 plan measurements (dollars in millions):

	U.S. Pension Plans	Non-U.S. Pension Plans	U.S. Other Benefit Plans	Non-U.S. Other Benefit Plans
Amortization of prior service (credit) cost	\$ (4)	\$ 20	\$ (116)	\$ (15)
Amortization of net actuarial loss (gain)	6	206	91	7
	<u>\$ 2</u>	<u>\$ 226</u>	<u>\$ (25)</u>	<u>\$ (8)</u>

**Assumptions**

*Healthcare Trend Rate*

As a result of previous modifications made to healthcare plans, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. The implementation of the HCT at October 31, 2011 eliminated significant exposure to changes in the healthcare cost trend rate for non-U.S. plans.

	December 31, 2010
<b>Assumed Healthcare Trend Rates</b>	
Initial healthcare cost trend rate	5.6%
Ultimate healthcare cost trend rate	3.4%
Number of years to ultimate trend rate	8

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates for non-U.S. plans (dollars in millions):

	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
<b>Change in Assumption</b>		
One percentage point increase	\$ 31	\$ 491
One percentage point decrease	\$ (25)	\$ (392)

*Investment Strategies and Long-Term Rate of Return*

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, 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 of individual asset classes, risks evaluated using standard deviation techniques and correlations among the 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.

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.

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

In setting new strategic asset mixes, consideration is given to the likelihood that the selected 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 complementary objectives of reaching fully 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 January 2013 an investment policy study was completed for the U.S. pension plans taking into account the new plan structures that followed the derisking initiatives and annuity transactions executed during the second half of 2012. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term return on assets. The weighted-average long-term return on assets decreased from 6.2% at December 31, 2011 to 5.8% due primarily to lower yields on fixed income securities. The U.S. hourly plan assets now represent 91% of the total U.S. pension plan assets compared to 65% at the end of 2011.

The expected long-term 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. The rates of 6.2% and 6.5% for the years ended December 31, 2012 and 2011 represent weighted-average rates of all of the funded non-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:

<b>Asset Categories</b>	<b>December 31, 2012</b>		<b>December 31, 2011</b>	
	<b>U.S. Plans</b>	<b>Non-U.S. Plans</b>	<b>U.S. Plans</b>	<b>Non-U.S. Plans</b>
Equity	19%	30%	14%	34%
Debt	60%	53%	66%	45%
Alternatives(a)	21%	17%	20%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(a) Includes private equity, real estate and absolute return strategies which primarily consist of hedge funds.

***Assets and Fair Value Measurements***

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

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

Assets	Fair Value Measurements of U.S. Plan Assets at December 31, 2012				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2012				Total U.S. and Non- U.S. Plan Assets
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Cash equivalents and other short-term investments	\$ —	\$ 551	\$ —	\$ 551	\$ —	\$ 151	\$ —	\$ 151	\$ 702
Common and preferred stocks(a)	9,663	26	19	9,708	2,227	—	—	2,227	11,935
Government and agency debt securities(b)	—	17,835	—	17,835	—	3,722	—	3,722	21,557
Corporate debt securities(c)	—	19,116	77	19,193	—	2,596	2	2,598	21,791
Agency mortgage and asset-backed securities	—	1,544	—	1,544	—	38	—	38	1,582
Non-agency mortgage and asset-backed securities	—	260	105	365	—	16	3	19	384
<b>Investment funds</b>									
Equity funds	66	253	195	514	212	2,009	—	2,221	2,735
Fixed income funds	16	498	190	704	—	1,046	14	1,060	1,764
Funds of hedge funds	—	—	3,768	3,768	—	—	627	627	4,395
Global macro funds	—	111	11	122	—	—	—	—	122
Multi-strategy funds	—	583	727	1,310	—	26	—	26	1,336
Other investment funds(d)	—	143	68	211	—	9	—	9	220
Private equity and debt investments(e)	—	—	6,400	6,400	—	—	381	381	6,781
Real estate investments(f)	412	—	4,335	4,747	19	31	1,422	1,472	6,219
Other investments	—	—	63	63	—	—	665	665	728
<b>Derivatives</b>									
Interest rate contracts	15	1,553	—	1,568	—	—	—	—	1,568
Foreign currency exchange contracts	—	38	—	38	—	40	—	40	78
Equity contracts	6	86	1	93	2	—	—	2	95
<b>Total assets</b>	<b>10,178</b>	<b>42,597</b>	<b>15,959</b>	<b>68,734</b>	<b>2,460</b>	<b>9,684</b>	<b>3,114</b>	<b>15,258</b>	<b>83,992</b>
<b>Liabilities</b>									
Government and agency debt securities(g)	—	(15)	—	(15)	—	—	—	—	(15)
<b>Derivatives</b>									
Interest rate contracts	(21)	(977)	(8)	(1,006)	(4)	—	—	(4)	(1,010)
Foreign currency exchange contracts	—	(37)	—	(37)	—	(36)	—	(36)	(73)
Equity contracts	(4)	(86)	(1)	(91)	(1)	—	—	(1)	(92)
<b>Total liabilities</b>	<b>(25)</b>	<b>(1,115)</b>	<b>(9)</b>	<b>(1,149)</b>	<b>(5)</b>	<b>(36)</b>	<b>—</b>	<b>(41)</b>	<b>(1,190)</b>
<b>Net plan assets subject to leveling</b>	<b>\$ 10,153</b>	<b>\$ 41,482</b>	<b>\$ 15,950</b>	<b>67,585</b>	<b>\$ 2,455</b>	<b>\$ 9,648</b>	<b>\$ 3,114</b>	<b>15,217</b>	<b>82,802</b>
Other plan assets and liabilities(h)				500				324	824
<b>Net Plan Assets</b>				<b>\$ 68,085</b>				<b>\$ 15,541</b>	<b>\$ 83,626</b>

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

Assets	Fair Value Measurements of U.S. Plan Assets at December 31, 2011				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2011				Total U.S. and Non- U.S. Plan Assets
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Cash equivalents and other short-term investments	\$ —	\$ 100	\$ —	\$ 100	\$ —	\$ 533	\$ —	\$ 533	\$ 633
Common and preferred stocks(a)	11,134	78	46	11,258	2,109	2	—	2,111	13,369
Government and agency debt securities(b)	—	21,531	3	21,534	—	3,613	1	3,614	25,148
Corporate debt securities(c)	—	22,725	352	23,077	—	1,820	4	1,824	24,901
Agency mortgage and asset-backed securities	—	1,847	—	1,847	—	94	—	94	1,941
Non-agency mortgage and asset-backed securities	—	1,399	197	1,596	—	49	4	53	1,649
Group annuity contracts	—	—	3,209	3,209	—	—	—	—	3,209
Investment funds									
Equity funds	23	852	521	1,396	—	1,837	146	1,983	3,379
Fixed income funds	—	1,092	1,210	2,302	—	1,142	20	1,162	3,464
Funds of hedge funds	—	—	5,918	5,918	—	—	585	585	6,503
Global macro funds	—	266	4	270	—	—	236	236	506
Multi-strategy funds	24	949	2,123	3,096	—	24	—	24	3,120
Other investment funds(d)	—	335	143	478	—	—	11	11	489
Private equity and debt investments(e)	—	—	8,444	8,444	—	—	298	298	8,742
Real estate investments(f)	1,279	—	5,092	6,371	13	27	1,345	1,385	7,756
Other investments	—	—	—	—	—	—	428	428	428
Derivatives									
Interest rate contracts	138	4,180	9	4,327	4	—	—	4	4,331
Foreign currency exchange contracts	—	152	—	152	—	59	—	59	211
Equity contracts	61	15	—	76	17	—	—	17	93
Credit contracts	—	79	—	79	—	—	—	—	79
<b>Total assets</b>	<b>12,659</b>	<b>55,600</b>	<b>27,271</b>	<b>95,530</b>	<b>2,143</b>	<b>9,200</b>	<b>3,078</b>	<b>14,421</b>	<b>109,951</b>
<b>Liabilities</b>									
Agency mortgage and asset-backed securities(g)	—	(67)	—	(67)	—	—	—	—	(67)
Derivatives									
Interest rate contracts	(28)	(1,752)	(2)	(1,782)	(4)	—	—	(4)	(1,786)
Foreign currency exchange contracts	—	(75)	—	(75)	—	(46)	—	(46)	(121)
Equity contracts	(17)	(14)	—	(31)	(3)	—	—	(3)	(34)
Credit contracts	—	(29)	(6)	(35)	—	—	—	—	(35)
<b>Total liabilities</b>	<b>(45)</b>	<b>(1,937)</b>	<b>(8)</b>	<b>(1,990)</b>	<b>(7)</b>	<b>(46)</b>	<b>—</b>	<b>(53)</b>	<b>(2,043)</b>
Net plan assets subject to leveling	\$ 12,614	\$ 53,663	\$ 27,263	93,540	\$ 2,136	\$ 9,154	\$ 3,078	14,368	107,908
Other plan assets and liabilities(h)				809				173	982
<b>Net Plan Assets</b>				<b>\$ 94,349</b>				<b>\$ 14,541</b>	<b>\$ 108,890</b>

- (a) Includes GM common stock of \$1.4 billion and \$1.2 billion within Level 1 of U.S. plan assets at December 31, 2012 and 2011.
- (b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.
- (c) Includes bank debt obligations.
- (d) Primarily investments in alternative investment funds.
- (e) Includes private equity investment funds.
- (f) Includes investment funds and public real estate investment trusts.
- (g) Primarily investments sold short.
- (h) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following tables summarize the activity for U.S. plan assets classified in Level 3 (dollars in millions):



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

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
<b>Assets</b>						
Common and preferred stocks	\$ 46	\$ 1	\$ (25)	\$ (3)	\$ 19	\$ 3
Government and agency debt securities	3	(1)	(2)	—	—	—
Corporate debt securities	352	1	(258)	(18)	77	(35)
Non-agency mortgage and asset-backed securities	197	34	(120)	(6)	105	24
Group annuity contracts	3,209	77	(3,286)	—	—	—
<b>Investment funds</b>						
Equity funds	521	51	(414)	37	195	18
Fixed income funds	1,210	47	(1,067)	—	190	(3)
Funds of hedge funds	5,918	310	(2,460)	—	3,768	239
Global macro funds	4	—	(1)	8	11	—
Multi-strategy funds	2,123	53	(1,453)	4	727	(6)
Other investment funds	143	2	(77)	—	68	4
Private equity and debt investments	8,444	1,022	(3,038)	(28)	6,400	154
Real estate investments	5,092	198	(955)	—	4,335	(80)
Other Investments	—	—	63	—	63	—
<b>Total assets</b>	<b>27,262</b>	<b>1,795</b>	<b>(13,093)</b>	<b>(6)</b>	<b>15,958</b>	<b>318</b>
<b>Derivatives, net</b>						
Interest rate contracts	7	3	(14)	(4)	(8)	(1)
Equity contracts	—	1	(1)	—	—	—
Credit contracts	(6)	—	6	—	—	—
<b>Total net assets</b>	<b>\$ 27,263</b>	<b>\$ 1,799</b>	<b>\$ (13,102)</b>	<b>\$ (10)</b>	<b>\$ 15,950</b>	<b>\$ 317</b>

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

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2011	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2011
<b>Assets</b>						
Common and preferred stocks	\$ 64	\$ (4)	\$ (11)	\$ (3)	\$ 46	\$ (53)
Government and agency debt securities	75	(9)	(63)	—	3	1
Corporate debt securities	562	(29)	(168)	(13)	352	(49)
Non-agency mortgage and asset-backed securities	821	(8)	(625)	9	197	(57)
Group annuity contracts	3,115	302	(208)	—	3,209	302
<b>Investment funds</b>						
Equity funds	382	(129)	268	—	521	(120)
Fixed income funds	2,287	40	(1,026)	(91)	1,210	124
Funds of hedge funds	6,344	(56)	(370)	—	5,918	(23)
Global macro funds	4	—	—	—	4	—
Multi-strategy funds	3,546	(100)	(1,297)	(26)	2,123	63
Other investment funds	186	(19)	(24)	—	143	(19)
Private equity and debt investments	8,037	839	(432)	—	8,444	(12)
Real estate investments	5,508	799	(1,215)	—	5,092	382
Total assets	<u>30,931</u>	<u>1,626</u>	<u>(5,171)</u>	<u>(124)</u>	<u>27,262</u>	<u>539</u>
<b>Liabilities</b>						
Corporate debt securities	(2)	—	—	2	—	—
Total liabilities	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>—</u>
<b>Derivatives, net</b>						
Interest rate contracts	(18)	25	—	—	7	25
Foreign currency exchange contracts	1	—	(1)	—	—	—
Equity contracts	(41)	50	(9)	—	—	(1)
Credit contracts	(1)	(4)	(1)	—	(6)	(7)
Total net assets	<u>\$ 30,870</u>	<u>\$ 1,697</u>	<u>\$ (5,182)</u>	<u>\$ (122)</u>	<u>\$ 27,263</u>	<u>\$ 556</u>

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

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

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
<b>Assets</b>							
Government and agency debt securities	\$ 1	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —
Corporate debt securities	4	2	(4)	—	—	2	—
Non-agency mortgage and asset-backed securities	4	—	(4)	3	—	3	—
<b>Investment funds</b>							
Equity funds	146	(24)	(124)	—	2	—	—
Fixed income funds	20	—	(6)	—	—	14	—
Funds of hedge funds	585	25	—	—	17	627	26
Global macro funds	236	17	(258)	—	5	—	—
Other investment funds	11	—	(11)	—	—	—	—
Private equity and debt investments	298	46	29	—	8	381	24
Real estate investments	1,345	123	(82)	—	36	1,422	119
Other investments	428	16	203	—	18	665	10
<b>Total assets</b>	<b>\$ 3,078</b>	<b>\$ 205</b>	<b>\$ (258)</b>	<b>\$ 3</b>	<b>\$ 86</b>	<b>\$ 3,114</b>	<b>\$ 179</b>

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2011	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2011
<b>Assets</b>							
Government and agency debt securities	\$ 4	\$ —	\$ —	\$ (3)	\$ —	\$ 1	\$ —
Corporate debt securities	41	—	(28)	(9)	—	4	—
Non-agency mortgage and asset-backed securities	—	—	(2)	6	—	4	—
<b>Investment funds</b>							
Equity funds	200	(32)	9	(29)	(2)	146	(33)
Fixed income funds	—	—	(5)	25	—	20	—
Funds of hedge funds	74	(4)	531	—	(16)	585	(4)
Global macro funds	255	(14)	—	—	(5)	236	(14)
Other investment funds	103	—	(94)	—	2	11	—
Private equity and debt investments	169	28	109	—	(8)	298	28
Real estate investments	1,263	203	(99)	—	(22)	1,345	203
Other investments	281	30	121	11	(15)	428	30
<b>Total assets</b>	<b>\$ 2,390</b>	<b>\$ 211</b>	<b>\$ 542</b>	<b>\$ 1</b>	<b>\$ (66)</b>	<b>\$ 3,078</b>	<b>\$ 210</b>

**Transfers In and/or Out of Level 3**

There were no significant transfers into and/or out of Level 3 within U.S. or non-U.S. plan assets during the years ended

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

December 31, 2012 and 2011.

***Investment Fund Strategies***

Equity funds include funds that 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. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds include investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds include funds that invest in a portfolio of hedge funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers.

Global macro funds include funds that enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies and physical commodities markets while minimizing downside risk. Global macro managers may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds include funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks) and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category employ single strategies such as event-driven or relative value.

Private equity and debt investments principally consists of investments in private equity and debt funds. These investments are made to gain 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 principally 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 pension plans' assets include certain private investment funds, private equity and debt securities, real estate investments and derivative instruments. 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.

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

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 fixed income 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.

Counterparty credit risk is the risk that a counterparty to a financial instrument will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties. The majority of derivatives held by the plans at December 31, 2012 were fully collateralized and therefore, the related counterparty credit risk was significantly reduced.

**Pension Funding Requirements**

We are subject to a variety of U.S. federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006, which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status. We have no funding requirements for our U.S. qualified plans in 2013.

We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations.

**Benefit Payments**

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(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2013	\$ 6,052	\$ 1,491	\$ 421	\$ 63
2014	\$ 5,912	\$ 1,507	\$ 373	\$ 65
2015	\$ 5,861	\$ 1,546	\$ 366	\$ 67
2016	\$ 5,674	\$ 1,575	\$ 360	\$ 70
2017	\$ 5,558	\$ 1,588	\$ 356	\$ 72
2018 - 2022	\$ 25,259	\$ 8,092	\$ 1,713	\$ 391

(a) 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.

**Note 19. Derivative Financial Instruments and Risk Management****Automotive**

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

*Derivatives and Hedge Accounting*

In accordance with our risk management policy, we enter into a variety of foreign currency exchange rate and commodity derivative contracts to manage our exposure to fluctuations in certain foreign currency exchange rates and commodity prices. At December 31, 2012 and 2011 our derivative instruments consisted primarily of forward contracts and options, none of which were designated in hedging relationships. We manage our counterparty credit risk by monitoring the credit ratings of our counterparties and by requiring them to post collateral in certain circumstances. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. Certain of our agreements with counterparties require that we provide cash collateral. At December 31, 2012 and 2011 no collateral was posted related to derivative instruments and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

*Fair Value of Derivatives*

The following tables summarize fair value measurements of our derivative instruments measured on a recurring basis (dollars in millions):

	December 31, 2012				
	Notional	Derivative Assets		Derivative Liabilities	
		Current(a)	Non-Current(b)	Current(c)	Non-Current(d)
Foreign currency	\$ 7,652	\$ 118	\$ —	\$ 19	\$ —
Commodity	1,851	17	3	7	—
Embedded	1,248	9	19	—	1
Total	\$ 10,751	\$ 144	\$ 22	\$ 26	\$ 1

	December 31, 2011				
	Notional	Derivative Assets		Derivative Liabilities	
		Current(a)	Non-Current(b)	Current(c)	Non-Current(d)
Foreign currency	\$ 6,507	\$ 64	\$ —	\$ 46	\$ —
Commodity	2,566	9	—	10	5
Embedded	1,461	28	124	1	5
Total	\$ 10,534	\$ 101	\$ 124	\$ 57	\$ 10

(a) Recorded in Other current assets.

(b) Recorded in Other assets.

(c) Recorded in Accrued liabilities.

(d) Recorded in Other liabilities and deferred income taxes.

	December 31, 2012				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Foreign currency	\$ —	\$ 118	\$ —	\$ 118	\$ —	\$ 64	\$ —	\$ 64
Commodity	—	9	11	20	—	9	—	9
Embedded	—	2	26	28	—	4	148	152
Total	\$ —	\$ 129	\$ 37	\$ 166	\$ —	\$ 77	\$ 148	\$ 225
<b>Liabilities</b>								
Foreign currency	\$ —	\$ 19	\$ —	\$ 19	\$ —	\$ 46	\$ —	\$ 46
Commodity	—	7	—	7	—	5	10	15
Embedded	—	1	—	1	—	6	—	6
Total	\$ —	\$ 27	\$ —	\$ 27	\$ —	\$ 57	\$ 10	\$ 67

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

We measure the fair value of our portfolio of foreign currency, commodity and embedded derivatives using industry accepted models. The significant Level 2 inputs used in the valuation of our derivatives include spot rates, forward rates, volatility and interest rates. These inputs are obtained from pricing services, broker quotes and other sources.

We entered into a power plant lease agreement which included the purchase of natural gas at a fixed price adjusted for movements in heavy fuel oil and coal indices as published by a German governmental agency. The natural gas agreement was determined to be a derivative for accounting purposes and is valued as a forward contract utilizing Level 3 inputs. The significant unobservable inputs used in the fair value measurement of our commodity derivative are coal and heavy fuel oil forward rates and supplier credit spreads. Significant increases (decreases) in the coal and heavy fuel oil index and supplier credit spread would result in significant decreases (increases) to the fair value measurement.

We are party to a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. This embedded derivative is valued using an industry accepted model which contains Level 3 inputs.

The significant unobservable inputs used in the fair value measurement of our embedded foreign currency derivative is the estimate of the Turkish central bank's Euro/Turkish Lira (TRY) forward exchange rate and monthly volume commitment and vehicle mix. Significant decreases (increases) to the Euro/TRY forward exchange rate and monthly volume commitment and vehicle mix would result in significant decreases (increases) to the fair value measurement.

The valuations are performed, reviewed and approved by personnel with appropriate expertise in valuation methodologies. For certain derivatives we compare our own valuations to valuations prepared by independent outside parties.

The following table summarizes the significant quantitative unobservable inputs and assumptions used in the fair value measurement of the derivatives at December 31, 2012:

	Valuation Technique	Significant Unobservable Input	Metric
Commodity	Discounted cash flow	Coal forward price per ton in Euro(a)	€93.09
		Heavy fuel oil forward price per ton in Euro(a)	€562.51
		Supplier nonperformance risk (average)	2.44%
Embedded	Discounted cash flow	Average Euro/TRY forward exchange rate(b)	€2.72
		Volume commitment and vehicle mix in Euro(c)	€909 million

(a) Forward prices are estimated to be equivalents of the spot price as published by a governmental agency.

(b) Calculated by adjusting market forward rates for the spread between current market and Turkish central bank spot prices.

(c) Volume commitment is spread evenly on a monthly basis and vehicle mix is pursuant to management forecasts.

***Fair Value Measurements on a Recurring Basis Using Level 3 Inputs***

The following table summarizes the activity for our derivative investments measured using Level 3 inputs (dollars in millions):

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

	Level 3 Net Assets and (Liabilities)					
	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Embedded	Commodity	Total	Embedded	Commodity	Total
Balance at beginning of period	\$ 148	\$ (10)	\$ 138	\$ —	\$ —	\$ —
Total realized/unrealized gains (losses)(a)						
Included in earnings	(104)	4	(100)	160	(10)	150
Included in OCI	(2)	(1)	(3)	(10)	—	(10)
Settlements	(16)	(6)	(22)	(2)	—	(2)
Issuances	—	24	24	—	—	—
Balance at end of period	<u>\$ 26</u>	<u>\$ 11</u>	<u>\$ 37</u>	<u>\$ 148</u>	<u>\$ (10)</u>	<u>\$ 138</u>

Amount of total gains (losses) in the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	\$ (95)	\$ 3	\$ (92)	\$ 157	\$ (10)	\$ 147
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(a) Realized and unrealized gains (losses) are recorded in Interest income and other non-operating income, net and foreign currency translation gains (losses) are recorded in Accumulated other comprehensive income.

***Gains and (Losses) on Derivatives***

The following table summarizes derivative gains (losses) recorded in Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Foreign Currency	\$ 70	\$ (30)	\$ 82
Commodity	(31)	(98)	(25)
Embedded	(102)	165	(8)
Warrants	—	4	19
Total gains (losses) recorded in earnings	<u>\$ (63)</u>	<u>\$ 41</u>	<u>\$ 68</u>

***Other Derivatives***

In February 2011 we exercised warrants to purchase 4 million shares of a supplier's common stock at \$2.76 per share and sold the shares and received proceeds of \$48 million.

In connection with our investment in New Delphi, which we accounted for using the equity method, we recorded our share of New Delphi's other comprehensive income (loss) in Accumulated other comprehensive income. In the three months ended March 31, 2011 we recorded cash flow hedging gains of \$13 million and in the year ended December 31, 2010 we recorded cash flow hedging losses of \$22 million related to our share of New Delphi's hedging gains and losses. In March 2011 we sold our interests in New Delphi. As a result previously recorded cash flow hedging losses of \$10 million in Accumulated other comprehensive loss were reclassified to earnings and recorded in the gain on sale of New Delphi. Refer to Note 10 for additional information on the sale of New Delphi.

**Automotive Financing - GM Financial**

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable and manages this exposure with interest rate swaps and caps. GM Financial had interest rate swaps and caps in asset positions with notional amounts of \$775 million and \$2.0 billion at December 31, 2012 and 2011. GM Financial had interest rate swaps and caps in liability positions with notional amounts of \$775 million and \$2.0 billion at December 31, 2012 and 2011. The fair value of these derivative financial instruments was insignificant.



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

***Credit Risk Related Contingent Features***

Under the terms of the derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. At December 31, 2012 and 2011 these restricted cash accounts totaled \$4 million and \$36 million and were recorded in Restricted cash and marketable securities.

**Note 20. Commitments and Contingencies**

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

	December 31, 2012		December 31, 2011	
	Liability Recorded	Maximum Liability(a)	Liability Recorded	Maximum Liability(a)
<b>Guarantees(b)</b>				
Operating leases	\$ —	\$ 9	\$ —	\$ 26
Ally Financial commercial loans	\$ 4	\$ 6	\$ —	\$ 24
Third-party commercial loans and other obligations	\$ 70	\$ 296	\$ 7	\$ 210
Other product-related claims	\$ 51	\$ 1,040	\$ 53	\$ 838

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

	December 31, 2012		December 31, 2011	
	Liability Recorded		Liability Recorded	
Credit card programs(a)				
Redemption liability(b)		\$ 209		\$ 123
Deferred revenue(c)		\$ 355		\$ 345
Environmental liability(d)		\$ 166		\$ 169
Product liability		\$ 601		\$ 514
Other litigation-related liability and tax administrative matters(e)		\$ 1,728		\$ 1,196

(a) At December 31, 2012 and 2011 qualified cardholders had rebates available, net of deferred program revenue, of \$1.8 billion and \$2.3 billion.

(b) Recorded in Accrued liabilities.

(c) Recorded in Other liabilities and deferred income taxes.

(d) Includes \$33 million and \$34 million recorded in Accrued liabilities at December 31, 2012 and 2011, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Primarily indirect tax-related litigation as well as various non-U.S. labor related matters.

**Guarantees**

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2016 to 2035. Certain leases contain renewal options.

We provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third-parties, such as dealers or rental car companies. These guarantees either expire in 2018 or are ongoing. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third-parties. Refer to Note 27 for additional information on guarantees that we provide to Ally Financial.

We have agreements with third-parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in 2013 through 2017 or are ongoing, or upon the occurrence of specific events.

In some instances certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

At December 31, 2012 any proceeds we would receive from collateral would be approximately \$60 million.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions and other closure costs pertaining to real property we owned. 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. Immaterial 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.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees terminate in years ranging from 2020 to 2026.

**Credit Card Programs**

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

**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. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Recorded liabilities are not reduced for possible recoveries from insurance carriers or other parties. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

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, 2012 we estimate the remediation losses could range from \$130 million to \$250 million.

**Product Liability**

With respect to product liability claims involving our and Old GM's 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. Although punitive damages are claimed in some of these lawsuits and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded 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. These amounts were recorded in Accrued liabilities and Other liabilities and deferred income taxes.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

We indemnify dealers for certain product liability related claims including products sold by Old GM. We monitor actual claims experience and make periodic adjustments to our estimates. Based on both management's judgment concerning the projected number and value of both dealer indemnification obligations and product liability claims, we have applied actuarial methodologies and estimated the liability. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

**Other Litigation-Related Liability and Tax Administrative Matters**

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

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as various non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow. Escrow deposits may range from \$400 million to \$600 million. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2012. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

***GM Korea Wage Litigation***

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea filed seven separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in the aggregate involve more than 10,000 employees, allege that GM Korea failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. On November 23, 2012 the Seoul High Court (an intermediate level appellate court) issued a decision affirming a decision of the Incheon District Court in a case involving five GM Korea employees which was contrary to GM Korea's position in all of these cases. Although GM Korea believes the decision of the Seoul High Court is incorrect and intends to appeal to the Supreme Court of the Republic of Korea we have increased our accrual in the three months ended December 31, 2012 by 564 billion Korean Won (equivalent to \$525 million) to 746 billion Korean Won (equivalent to \$697 million) in connection with these cases. In the year ended December 31, 2012 we recorded 616 billion Korean Won (equivalent to \$573 million) in Automotive cost of sales (77% of which is reflected in our Net income attributable to stockholders based on our ownership interest in GM Korea). We do not believe we have any reasonably possible exposure in excess of the amount of the accrual. Both the scope of claims asserted and GM Korea's assessment of any or all of individual claim elements may change if new information becomes available.

***GMCL Dealers' Claim***

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GMCL on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009 in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" CAD \$750 million without

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). On June 22, 2011 the court granted GMCL permission to appeal the class certification decision. On March 26, 2012 the Ontario Superior Court dismissed GMCL's appeal of the class certification order. Accordingly the case will proceed as a class action. Twenty-six dealers within the certified class definition have indicated that they will not participate. The current prospects for liability are uncertain, but because liability is not deemed probable we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability as the case presents a variety of different legal theories, none of which GMCL believes are valid.

***UAW Claim***

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached an obligation to contribute \$450 million to the UAW Retiree Medical Benefits Trust (New VEBA). The UAW alleges that we were contractually required to make this contribution. The reasonably possible loss as defined by ASC 450, "Contingencies" is \$450 million, which is the amount claimed. We believe that the claim is without merit and we have no accrual relating to this litigation. We believe the UAW's claim is barred by the 2009 UAW Retiree Settlement Agreement approved by the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court). We also maintain that Delphi Corporation's bankruptcy plan of reorganization did not fulfill the applicable conditions of the relevant agreement and therefore payment would not be due even in the absence of the 2009 UAW Retiree Settlement Agreement.

***Nova Scotia Claims Litigation***

We are a participating party-in-interest in proceedings pending in the Bankruptcy Court to adjudicate claims in the Old GM bankruptcy arising from certain securities issued by General Motors Nova Scotia Finance Company (Nova Scotia Finance), an Old GM subsidiary which we did not acquire in 2009 (Nova Scotia Claims Litigation). Although the current proceedings involve no claims against us, they present issues which, depending upon their resolution, could result in future claims against GMCL.

In 2003 Nova Scotia Finance, a Nova Scotia unlimited liability company, issued notes of 600 million British Pounds which were guaranteed by Old GM (Guaranty) (collectively, the Nova Scotia Notes). The proceeds from the Nova Scotia Notes were converted to CAD and loaned by Nova Scotia Finance to GMCL by means of two intercompany loans totaling CAD \$1.3 billion. As part of the bankruptcy proceeding these intercompany loans were compromised for CAD \$399 million pursuant to a transaction defined by a Lock-Up Agreement between GMCL, Nova Scotia Finance, Old GM and certain holders of the Nova Scotia Notes (Noteholders). The Lock-Up Agreement defined a transaction by which the Noteholders consented to, among other things, the compromise of the intercompany loans in exchange for payment of CAD \$399 million as a Consent Fee. The Consent Fee was originally financed by a loan from Old GM to GMCL immediately prior to the Old GM bankruptcy filing. That loan was subsequently repaid. Pursuant to the terms of the Lock-Up Agreement, the Consent Fee did not reduce the principal amount outstanding under the Nova Scotia Notes or the Guaranty. We acquired Old GM's interest in the Lock-Up Agreement in 2009.

In the Nova Scotia Claims Litigation the Noteholders seek an allowed claim in the Old GM bankruptcy based on the Guaranty. The trustee of Nova Scotia Finance seeks an allowed claim in the amount of the deficiency between Nova Scotia Finance's assets and liabilities by reason of the fact that it is an unlimited liability company and Old GM was its sole shareholder. The claim asserted by the trustee includes sums allegedly owed by Nova Scotia Finance to us by reason of currency swaps entered into between Old GM and Nova Scotia Finance which we contend we acquired from Old GM in 2009. Allowance of the claims is opposed by the GUC Trust which asserts that the claims of the trustee and Noteholders are duplicative, that they should be reduced by the amount of the Consent Fee and/or that they should be equitably subordinated or equitably disallowed by reason of alleged inequitable conduct by the Noteholders. In support of this position the GUC Trust has asserted that the Lock-Up Agreement is void because it was not approved by the Bankruptcy Court and was funded by Old GM, that we did not acquire MLC's interest in the Lock-Up Agreements and currency swaps and that other aspects of the sale of assets to us on July 10, 2009 may be adjusted to permit disallowance or reduction of the claims of the Noteholders and the trustee. The trial has commenced but the timing of any decision is uncertain.

Although we believe the positions taken by the GUC Trust are without merit, it is reasonably possible that the Bankruptcy Court will issue rulings adverse to our interest in the Nova Scotia Claims Litigation. Such rulings could lead to subsequent claims which,

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

although we believe would be without merit, could adversely impact GMCL's compromise of the intercompany loans. It is impossible to estimate the reasonably possible loss which would depend upon a variety of factors including the outcome of additional litigation. However the compromise of the intercompany loans for CAD \$399 million resulted in a savings to GMCL of CAD \$935 million (equivalent to \$940 million) which we believe represents a reasonable estimate of the approximate amount of the maximum reasonably possible loss.

**GME Planned Spending Guarantee**

As part of our Opel/Vauxhall restructuring plan agreed to with European labor representatives we have committed to achieving specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of \$186 million and \$209 million at December 31, 2012 and 2011 was pledged as collateral under the agreement. Through December 31, 2012 spending was sufficient to meet the current requirements under the agreement and the specified milestones have been accomplished. Management has the intent and believes it has the ability to meet the future requirements under the agreement.

**Asset Retirement Obligations**

Asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties such obligations relate to the estimated cost of contractually required property restoration. At December 31, 2012 and 2011 accruals for asset retirement obligations were \$116 million and \$99 million.

**Contract Cancellations**

The following table summarizes contract cancellation charges primarily related to the cancellation of product programs (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
GMNA(a)	\$ 64	\$ 38	\$ 30
GME	38	8	3
GMIO	5	43	—
GMSA	30	4	—
Total contract cancellations	\$ 137	\$ 93	\$ 33

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of \$30 million.

**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):

	2013	2014	2015	2016	2017	Thereafter
Minimum commitments(a)	\$ 394	\$ 312	\$ 246	\$ 192	\$ 125	\$ 595
Sublease income	(54)	(53)	(48)	(47)	(45)	(279)
Net minimum commitments	\$ 340	\$ 259	\$ 198	\$ 145	\$ 80	\$ 316

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

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

The following table summarizes our rental expense under operating leases (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Rental expense under operating leases	\$ 474	\$ 556	\$ 604

**Note 21. Income Taxes**

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

	Years Ended December 31,		
	2012	2011	2010
U.S. income (loss)	\$ (19,063)	\$ 2,883	\$ 2,648
Non-U.S. income (loss)	(11,194)	3,102	3,089
Income (loss) before income taxes and equity income	\$ (30,257)	\$ 5,985	\$ 5,737

**Income Tax Expense (Benefit)**

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

	Years Ended December 31,		
	2012	2011	2010
<b>Current income tax expense (benefit)</b>			
U.S. federal	\$ 6	\$ (134)	\$ (10)
U.S. state and local	78	58	(1)
Non-U.S.	646	275	441
Total current income tax expense	730	199	430
<b>Deferred income tax expense (benefit)</b>			
U.S. federal	(28,965)	8	(25)
U.S. state and local	(3,415)	(28)	8
Non-U.S.	(3,181)	(289)	259
Total deferred income tax expense (benefit)	(35,561)	(309)	242
Total income tax expense (benefit)	\$ (34,831)	\$ (110)	\$ 672

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 in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of \$5.5 billion and \$6.2 billion at December 31, 2012 and 2011. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

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

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

	Years Ended December 31,		
	2012	2011	2010
Income tax expense (benefit) at U.S. federal statutory income tax rate	\$ (10,590)	\$ 2,094	\$ 2,008
State and local tax expense	254	215	334
Foreign income taxed at other than 35%	908	243	1,579
Foreign tax credit election change	(1,075)	—	—
Taxes on unremitted earnings of subsidiaries	100	(537)	(10)
Change in valuation allowance	(33,917)	(2,386)	(2,903)
Change in tax laws	67	(33)	—
Research incentives	(68)	(45)	(235)
Gain on sale of New Delphi equity interests	—	599	—
Goodwill impairment	8,705	377	—
Settlements of prior year tax matters	—	(56)	(170)
VEBA contribution	—	(476)	—
Foreign currency remeasurement	(36)	59	143
Pension contribution	—	(127)	—
U.S. salaried pension plan settlement	541	—	—
Other adjustments	280	(37)	(74)
<b>Total income tax expense (benefit)</b>	<b>\$ (34,831)</b>	<b>\$ (110)</b>	<b>\$ 672</b>

**Deferred Income Tax Assets and Liabilities**

Deferred income tax assets and liabilities at December 31, 2012 and 2011 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):

	December 31, 2012	December 31, 2011
<b>Deferred tax assets</b>		
Postretirement benefits other than pensions	\$ 3,494	\$ 3,672
Pension and other employee benefit plans	8,536	8,357
Warranties, dealer and customer allowances, claims and discounts	4,277	4,015
Property, plants and equipment	2,225	1,547
Capitalized research expenditures	6,106	5,152
Operating loss and tax credit carryforwards	20,220	21,199
Miscellaneous U.S.	2,865	3,017
Miscellaneous non-U.S.	578	243
Total deferred tax assets before valuation allowances	48,301	47,202
Less: valuation allowances	(10,991)	(45,191)
Total deferred tax assets	37,310	2,011
<b>Deferred tax liabilities</b>		
Intangible assets	724	1,933
Total deferred tax liabilities	724	1,933
Net deferred tax assets	<b>\$ 36,586</b>	<b>\$ 78</b>



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

The following table summarizes the classification of deferred tax assets and liabilities (dollars in millions):

	December 31, 2012	December 31, 2011
Current deferred tax assets	\$ 9,429	\$ 527
Current deferred tax liabilities	(162)	(48)
Non-current deferred tax assets	27,922	512
Non-current deferred tax liabilities	(603)	(913)
Net deferred tax assets	<u>\$ 36,586</u>	<u>\$ 78</u>

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2012 (dollars in millions):

	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2013-2030	\$ 6,642
Non-U.S. loss and tax credit carryforwards	Indefinite	1,472
Non-U.S. loss and tax credit carryforwards	2013-2031	4,961
U.S. alternative minimum tax credit	Indefinite	669
U.S. general business credits(a)	2017-2031	1,914
U.S. foreign tax credits	2013-2022	4,562
Total operating loss and tax credit carryforwards		<u>\$ 20,220</u>

(a) The general business credits are principally composed of research credits.

**Valuation Allowances**

The following table summarizes the change in valuation allowances related to net deferred tax assets (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	\$ 45,191	\$ 42,979	\$ 45,281
Additions (Reversals)			
U.S.(a)	(34,263)	2,411	(2,196)
Canada	(3,049)	(158)	63
Germany	1,649	1	(139)
Spain	886	463	378
South Korea	138	27	(121)
Australia	—	(498)	(39)
U.K.	177	141	(121)
India	137	—	(123)
Other	125	(175)	(4)
Ending balance	<u>\$ 10,991</u>	<u>\$ 45,191</u>	<u>\$ 42,979</u>

(a) In the year ended December 31, 2012 the difference between the change in the valuation allowance and the income tax benefit associated with the valuation allowance release is due primarily to the establishment of deferred tax liabilities related to state deferred tax assets. In the year ended December 31, 2011 we recorded an adjustment to the debt cancellation income that resulted from the 363 Sale. The adjustment resulted in a \$2.1 billion increase in valuation allowances related to U.S. federal and state tax attributes.

At December 31, 2012, as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and the completion of our near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of \$33.2 billion and \$3.1 billion. We retained valuation allowances of \$2.3 billion against deferred tax assets in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards which we continue to believe do not meet the more likely than not threshold for releasing the valuation allowance. We retained additional valuation allowances of \$8.7 billion against non-U.S. deferred tax assets, primarily related to GME and South Korea business units with losses.

At December 31, 2011, as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of \$502 million.

**Uncertain Tax Positions**

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Gross unrecognized tax benefits before valuation allowances	\$ 2,745	\$ 2,370
Unrecognized tax benefit that would favorably affect effective tax rate in future	\$ 1,210	\$ 326
Liability for uncertain tax positions netted against deferred tax assets in the same jurisdiction(a)	\$ 1,550	\$ 1,285

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

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

	<b>Years Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Beginning balance	\$ 2,370	\$ 5,169	\$ 5,410
Additions to current year tax positions	112	129	195
Additions to prior years' tax positions	512	562	803
Reductions to prior years' tax positions	(141)	(1,002)	(475)
Reductions in tax positions due to lapse of statutory limitations	(34)	(64)	(18)
Settlements	(112)	(2,399)	(761)
Other	38	(25)	15
Ending balance	\$ 2,745	\$ 2,370	\$ 5,169

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	<b>Years Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Interest income	\$ 12	\$ 7	\$ 13
Interest expense (benefit)(a)	\$ 52	\$ (113)	\$ 20
Penalties(a)	\$ 4	\$ (25)	\$ 1

(a) The interest and penalty benefit in the year ended December 31, 2011 is due primarily to remeasurements, settlements and statute expirations.

	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Accrued interest payable	\$ 117	\$ 103
Accrued penalties	\$ 105	\$ 89

**Other Matters**

The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382 of the Internal Revenue

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Code. On November 1, 2010 we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. 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 Australia we have net operating loss carryforwards which are subject to meeting a “Same Business Test” requirement that we assess on a quarterly basis.

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 2002 to 2012 with various significant tax jurisdictions. 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.

In the U.S. we have continuing responsibility for Old GM's open tax years. Old GM's federal income tax returns through the date of the 363 Sale have been audited by the Internal Revenue Service. Audit closure in January 2013 of Old GM's 2007, 2008 and 2009 federal income tax returns will result in no change to the amount of unrecognized tax benefits. The audit of our 2009 federal income tax return was concluded in January 2013 and will result in no change to the amount of unrecognized tax benefits. 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 three months ending March 31, 2013, we will record an income tax benefit related to the 2012 research credit of approximately \$160 million.

In May 2012 a Brazilian income tax assessment was issued related to the 2007 tax year totaling \$181 million including tax, interest and penalties. We believe we have adequate reserves established. Proceedings may require that we deposit escrow funds in the future.

In March 2012 a Mexican income tax audit covering the 2004 tax year was concluded and an assessment, adjusted for inflation, of \$136 million including tax, interest and penalties was issued. The total 2002, 2003 and 2004 assessments, adjusted for inflation, at December 31, 2012 including tax, interest and penalties is \$309 million. We believe we have adequate reserves established. Payment of any assessment is suspended during the proceedings through U.S. and Mexican competent authorities.

In the year ended December 31, 2011 certain issues were resolved relating to uncertain tax positions in jurisdictions which had full valuation allowances. The resolution of these matters resulted in a \$2.7 billion reduction to gross uncertain positions. No tax benefit was recognized with respect to these reductions because the entities were in full valuation allowance jurisdictions or the amounts were reserved in a prior period.

In June 2011 we settled a Brazilian income tax matter for \$241 million that was reserved and disclosed in a prior period.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010 this resolution resulted in a tax benefit of \$140 million including interest.

At December 31, 2012 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

**Note 22. Restructuring and Other Initiatives**

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

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

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

	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2010	\$ 2,088	\$ 451	\$ 3	\$ 4	\$ 2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010(a)	1,135	664	3	—	1,802
Additions	82	344	—	80	506
Interest accretion and other	22	105	—	1	128
Payments	(366)	(395)	(2)	(68)	(831)
Revisions to estimates	19	(9)	—	—	10
Effect of foreign currency	(8)	(22)	—	(1)	(31)
Balance at December 31, 2011(a)	884	687	1	12	1,584
Additions	129	188	84	92	493
Interest accretion and other	11	66	—	—	77
Payments	(304)	(344)	(46)	(55)	(749)
Revisions to estimates	(78)	(17)	(1)	(11)	(107)
Effect of foreign currency	11	10	1	—	22
Balance at December 31, 2012(a)	\$ 653	\$ 590	\$ 39	\$ 38	\$ 1,320

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits of \$356 million, \$376 million and \$363 million at December 31, 2012, 2011 and 2010 for GMNA, primarily relate to postemployment benefits to be paid.

***Year Ended December 31, 2012***

GMNA recorded charges, interest accretion and other and revisions to estimates that increased the reserves by \$62 million. The \$62 million includes charges for cash severance incentive programs for skilled trade U.S. hourly employees, partially offset by increased production capacity utilization in Canada.

GMNA recorded charges of \$90 million in connection with our 2011 UAW labor agreement that included cash severance incentive programs which were completed at March 31, 2012 for skilled trade U.S. hourly employees. A total of 1,400 skilled trade U.S. hourly employees participated in these programs at a total cost of \$99 million and was recorded upon irrevocable acceptances by both parties.

Due to the expected closure of the Oshawa Consolidated Plant in June 2014, impacted employees will be eligible for a voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a car voucher. This may range up to \$70 million and will be included in our restructuring liability, net of existing liabilities, upon irrevocable acceptance by both parties.

GME recorded charges, interest accretion and other of \$254 million for previously announced separation and early retirement programs. Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of \$400 million and had affected a total of 2,550 employees, of which \$310 million related to a program initiated in Germany in 2010. This program was essentially completed in 2012. We expect to complete the active programs in 2013 and incur an additional \$200 million, which will affect an additional 700 employees.

GMIO recorded charges, interest accretion and other related to voluntary separation programs primarily in Korea and Australia. Through December 31, 2012 these programs had a total cost of \$69 million which affected 650 employees. We expect to complete the programs in GMIO in 2013 and incur up to an additional \$40 million, which will affect up to an additional 200 employees.

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

GMSA recorded charges of \$87 million for employee separation costs related to a separation program in Brazil.

***Year Ended December 31, 2011***

GMNA recorded charges, interest accretion and other and revisions to estimates primarily related to special attrition programs for skilled trade U.S. hourly employees, service cost for hourly layoff benefits and Canadian restructuring activities.

GME recorded charges, interest accretion and other for separation programs primarily related to previously announced programs in Germany. Restructuring and early retirement programs in Spain, the U.K. and Belgium were essentially completed in 2010 and we also initiated a program in Germany in 2010. Through December 31, 2011 these programs had a total cost of \$1.1 billion and affected a total of 6,700 employees and included the December 2010 closure of the Antwerp, Belgium facility.

GMSA recorded charges, interest accretion and other for separation programs primarily related to the voluntary separation program in Brazil implemented in the three months ended December 31, 2011. A total of 900 employees in Brazil participated in the separation program at a total cost of \$74 million.

***Year Ended December 31, 2010***

GMNA recorded charges, interest accretion and other, and revisions to estimates primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates for separation programs primarily related to the following initiatives:

- Separation charges of \$527 million related to the closure of the Antwerp, Belgium facility which affected 2,600 employees.
- Separation charges of \$63 million related to separation/layoff plans and an early retirement plan in Spain which ultimately affected 1,200 employees.
- Separation charges of \$31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of \$95 million and interest accretion and other of \$104 million related to a voluntary separation program in Germany.

***Dealer Wind-downs***

We market vehicles worldwide through a network of independent retail dealers and distributors. We determined that a reduction in the number of GMNA dealerships was necessary.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	\$ 25	\$ 144	\$ 501
Additions and revisions to estimates	(5)	(8)	7
Payments	(7)	(111)	(366)
Effect of foreign currency	—	—	2
Balance at end of period	<u>\$ 13</u>	<u>\$ 25</u>	<u>\$ 144</u>

**Note 23. 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):

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

	Years Ended December 31,		
	2012	2011	2010
Interest income	\$ 343	\$ 455	\$ 465
Net gains (losses) on derivatives	(63)	41	68
Rental income	158	149	164
Dividends and royalties	98	153	213
Other(a)	309	53	621
Total interest income and other non-operating income, net	<u>\$ 845</u>	<u>\$ 851</u>	<u>\$ 1,531</u>

(a) Amounts in the year ended December 31, 2012 include impairment charges related to the investment in PSA of \$220 million, income related to various insurance recoveries of \$168 million, a charge of \$119 million in connection with the entry into an agreement to sell the GMS business, resulting in a reduction in the carrying value to estimated fair value, and recognition of deferred income from technology agreements with SGMW of \$114 million. Amounts in the year ended December 31, 2011 include impairment charges related to the investment in Ally Financial of \$555 million, a gain on the sale of Ally Financial preferred shares of \$339 million, and recognition of deferred income from technology agreements with SGMW of \$113 million. Amounts in the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable shares of our common stock to MLC (Adjustment Shares) of \$162 million, a gain on the sale of Saab of \$123 million, a gain on the acquisition of GMS of \$66 million and a gain on the sale of Nexteer of \$60 million.

**Note 24. Stockholders' Equity and Noncontrolling Interests**
***Preferred Stock***

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

	Liquidation Preference Per Share	Dividend Rate Per Annum	Dividends Paid Years Ended December 31,		
			2012	2011	2010
Series A Preferred Stock	\$ 25.00	9.00%	\$ 621	\$ 621	\$ 810
Series B Preferred Stock	\$ 50.00	4.75%	\$ 238	\$ 243	\$ —

***Series A Preferred Stock***

The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the \$25.00 per share liquidation amount, plus any accrued and unpaid dividends. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A Preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be \$1.4 billion.

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for \$2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of \$677 million recorded in Cash dividends paid on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock.

***Series B Preferred Stock***

The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; and (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock.

Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 into shares of our common stock. The number of shares of our common stock issuable upon mandatory conversion of each share of Series B Preferred Stock is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a range of \$33.00-\$39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the liquidation preference plus accumulated dividends. If the applicable market value is not within this range, there is a fixed conversion ratio equaling 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than \$39.60, and 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than \$33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stockholder's interest.

In the three months ended December 31, 2012, holders of our Series B Preferred Stock converted 11,204 shares into 14,145 shares of common stock.

***Common Stock***

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. 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 Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding.

In the year ended December 31, 2011 we issued 61 million shares of common stock to the U.S. hourly and salaried pension plans, 3,500,000 shares for exercised warrants and 500,000 shares for the settlement of salary and other restricted stock awards.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of \$27.50 per share for a total of \$5.5 billion. The purchase price represented a premium to the prior day's closing price of \$25.49. We allocated the purchase price between a direct reduction to shareholder's equity of \$5.1 billion and a charge to earnings of \$402 million representing the premium. This premium was recorded in Other automotive expenses, net. These shares were retired by the Board and returned to authorized but unissued status. In the year ended December 31, 2012 we issued 1,300,000 shares of common stock for the settlement of restricted stock and salary stock awards and 400,000 shares for exercised warrants.

The UST agreed to irrevocably waive certain of its rights under the stockholders agreement by and among us and certain other stockholders and covenants under the UST Credit Agreement as part of this agreement. These rights and covenants included, among other items, a reduction in certain reporting requirements and a release from the vitality commitment, which contained certain manufacturing volume requirements.

***Warrants***

In connection with the 363 Sale we issued two tranches of warrants, each to acquire 136 million shares of common stock, to MLC which have all been distributed to creditors of Old GM and to the 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 are exercisable at any time prior to December 31, 2015 at an exercise price of \$42.31 per share. Upon exercise of the warrants, the shares issued will be included in the number of

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

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 outstanding balance of warrants at December 31, 2012 and 2011 was 313 million.

**Accumulated Other Comprehensive Income (Loss)**

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

	Foreign Currency Translation Adjustments	Cash Flow Hedging Gains (Losses), Net	Unrealized Gains (Losses) on Securities, Net	Defined Benefit Plans, Net	Accumulated Other Comprehensive Income (Loss)
<b>Balance December 31, 2009</b>	\$ 157	\$ (1)	\$ 2	\$ 1,430	\$ 1,588
Other comprehensive income (loss)	210	(22)	(7)	(545)	(364)
Sale of businesses	14	—	—	—	14
Other comprehensive loss attributable to noncontrolling interests	13	—	—	—	13
<b>Balance December 31, 2010</b>	394	(23)	(5)	885	1,251
Other comprehensive income (loss)	(183)	25	1	(6,958)	(7,115)
Purchase of noncontrolling interest shares	(6)	—	—	(1)	(7)
Other comprehensive loss attributable to noncontrolling interests	10	—	—	—	10
<b>Balance December 31, 2011</b>	215	2	(4)	(6,074)	(5,861)
Other comprehensive loss before reclassification adjustment	(103)	—	(162)	(2,212)	(2,477)
Reclassification adjustment(a)	—	(2)	207	92	297
Other comprehensive income (loss)	(103)	(2)	45	(2,120)	(2,180)
Other comprehensive income attributable to noncontrolling interests	(11)	—	—	—	(11)
<b>Balance December 31, 2012</b>	\$ 101	\$ —	\$ 41	\$ (8,194)	\$ (8,052)

(a) Primarily an impairment charge related to our investment in PSA.

**Other Comprehensive Income (Loss)**

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

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

	Years Ended December 31,								
	2012			2011			2010		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense(Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments	\$ (103)	\$ —	\$ (103)	\$ (183)	\$ —	\$ (183)	\$ 210	\$ —	\$ 210
Cash flow hedging gain (loss), net	(2)	—	(2)	25	—	25	(22)	—	(22)
Unrealized gain (loss) on securities, net									
Unrealized gain (loss) on securities	(140)	22	(162)	1	—	1	(7)	—	(7)
Reclassification adjustments	202	(5)	207	—	—	—	—	—	—
Unrealized gain (loss) on securities, net	62	17	45	1	—	1	(7)	—	(7)
Defined benefit plans, net									
Prior service benefit (cost) from plan amendments	(53)	(95)	42	302	1	301	7	1	6
Less: amortization of prior service cost included in net periodic benefit cost	(125)	(5)	(120)	(52)	—	(52)	(12)	—	(12)
Net prior service benefit (cost)	(178)	(100)	(78)	250	1	249	(5)	1	(6)
Actuarial gain (loss) from plan measurements	(3,180)	(926)	(2,254)	(7,578)	(10)	(7,568)	(530)	34	(564)
Less: amortization of actuarial loss included in net periodic benefit cost(a)	229	17	212	366	5	361	25	—	25
Net actuarial amounts	(2,951)	(909)	(2,042)	(7,212)	(5)	(7,207)	(505)	34	(539)
Defined benefit plans, net	(3,129)	(1,009)	(2,120)	(6,962)	(4)	(6,958)	(510)	35	(545)
Other comprehensive income (loss)	(3,172)	(992)	(2,180)	(7,119)	(4)	(7,115)	(329)	35	(364)
Less: other comprehensive income (loss) attributable to noncontrolling interests	11	—	11	(10)	—	(10)	(13)	—	(13)
Other comprehensive income (loss) attributable to common stockholders	\$ (3,183)	\$ (992)	\$ (2,191)	\$ (7,109)	\$ (4)	\$ (7,105)	\$ (316)	\$ 35	\$ (351)

(a) Includes the HCT settlement. Refer to Note 18.

**Note 25. Earnings Per Share**

In the years ended December 31, 2012 and 2011 we were required to use the two-class method for calculating earnings per share, as further discussed below, as the applicable market value of our common stock was below \$33.00 per common share in the periods ended December 31, 2012 and 2011.

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 were outstanding.

The following table summarizes basic and diluted earnings per share (in millions, except for per share amounts):



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

	Years Ended December 31,		
	2012	2011	2010
<b>Basic earnings per share</b>			
Net income attributable to stockholders	\$ 6,188	\$ 9,190	\$ 6,172
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security(a)(b)	1,329	1,605	1,504
Net income attributable to common stockholders	\$ 4,859	\$ 7,585	\$ 4,668
<b>Weighted-average common shares outstanding - basic</b>	<b>1,566</b>	<b>1,536</b>	<b>1,500</b>
Basic earnings per share	\$ 3.10	\$ 4.94	\$ 3.11
<b>Diluted earnings per share</b>			
Net income attributable to stockholders	\$ 6,188	\$ 9,190	\$ 6,172
Add: preferred dividends to holders of Series B Preferred Stock	—	—	25
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security(a)(c)	1,301	1,552	1,504
Net income attributable to common stockholders	\$ 4,887	\$ 7,638	\$ 4,693
<b>Weighted-average common shares outstanding - diluted</b>			
Weighted-average common shares outstanding - basic	1,566	1,536	1,500
Dilutive effect of warrants	104	130	106
Dilutive effect of conversion of Series B Preferred Stock	—	—	17
Dilutive effect of RSUs	5	2	1
Weighted-average common shares outstanding - diluted	1,675	1,668	1,624
Diluted earnings per share	\$ 2.92	\$ 4.58	\$ 2.89

- (a) Includes earned but undeclared dividends of \$26 million, \$26 million and \$26 million on our Series A Preferred Stock and \$20 million, \$20 million and \$25 million on our Series B Preferred Stock in the years ended December 31, 2012, 2011 and 2010.
- (b) Includes cumulative dividends on preferred stock of \$859 million and earnings of \$470 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2012; includes cumulative dividends on preferred stock of \$859 million and earnings of \$746 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; and cumulative dividends on preferred stock of \$827 million and a charge related to the purchase of Series A Preferred Stock of \$677 million in the year ended December 31, 2010.
- (c) Includes cumulative dividends on preferred stock of \$859 million and earnings of \$442 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2012; includes cumulative dividends on preferred stock of \$859 million and earnings of \$693 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; and cumulative dividends on preferred stock of \$827 million and a charge related to the purchase of Series A Preferred Stock of \$677 million in the year ended December 31, 2010.

**Years Ended December 31, 2012 and 2011**

Holders of the Series B Preferred Stock have a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios through various anti-dilution provisions. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required when the applicable market value of our common stock is below \$33.00 or above \$39.60 per share. For purposes of calculating earnings per share, the applicable market value is calculated as the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the date of our financial statements. The calculation of the applicable market value at the date of our financial statements will apply to the full year, irrespective of the applicable market value computed during the prior quarters of the current year.

We applied the two-class method to calculate basic earnings per share and the more dilutive of the two-class or the if-converted method to calculate diluted earnings per share in the years ended December 31, 2012 and 2011. Under the two-class method for

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

computing earnings per share, undistributed earnings are allocated to common stock and the Series B Preferred Stock according to their respective participation rights in undistributed earnings, as if all the earnings for the period had been distributed. This allocation to the Series B Preferred Stock holders reduced Net income attributable to common stockholders, resulting in a lower basic and dilutive earnings per share amount. Variability may result in our calculation of earnings per share from period to period depending on whether the application of the two-class method is required.

The application of the two-class method resulted in an allocation of undistributed earnings to our Series B Preferred Stock holders and, accordingly, 152 million common stock equivalents from the assumed conversion of the Series B Preferred Stock are not considered outstanding for purposes of determining the weighted-average common shares outstanding in the computation of diluted earnings per share in the years December 31, 2012 and 2011.

MLC distributed all of its 272 million warrants for our common stock to its unsecured creditors and the GUC Trust. The warrant holders may exercise the warrants at any time prior to their respective expiration dates. 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.

Warrants to purchase 313 million shares of our common stock were outstanding at December 31, 2012 and 2011, of which 46 million shares were not included in each year's computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining warrants resulted in 104 million and 130 million dilutive shares in the years ended December 31, 2012 and 2011.

Diluted earnings per share included the effect of 15 million and 13 million unvested RSUs granted to certain global executives in the years ended December 31, 2012 and 2011.

In July 2011 the 61 million shares of common stock contributed to our pension plans in January 2011 met the criteria to qualify as plan assets for accounting purposes. These shares were considered outstanding for earnings per share purposes beginning in July 2011.

***Year Ended December 31, 2010***

Warrants to purchase 318 million shares of our common stock were outstanding, of which 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 our common stock. Under the treasury stock method, the assumed exercise of warrants to purchase the remaining warrants resulted in 106 million dilutive shares.

Diluted earnings per share included the effect of 11 million unvested RSUs granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date.

**Note 26. Stock Incentive Plans**

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan and the Salary Stock Plan. Both 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 these amended plans shall not exceed 75 million.

***Long-Term Incentive Plan***

We granted 7 million, 5 million and 15 million RSUs in the years ended December 31, 2012, 2011 and 2010. These awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. Our policy is to issue new shares upon settlement of RSUs.

The 2012 awards granted to the Top 25 highest compensated employees will settle on the second and third anniversary dates of grant in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-Top 25 highest compensated employees will vest and settle on the second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2011 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25%

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the Next 75 highest compensated employees will settle either: (1) three years from the date of grant; or (2) on the first and third anniversary dates of grant. The awards to the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2010 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-top 25 highest compensated employees will settle after three years.

Retirement eligible participants that are non-Top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the settlement date.

**Salary Stock Plan**

In the years ended December 31, 2012, 2011 and 2010 a portion of each participant's salary was accrued on each salary payment date and converted to RSUs on a quarterly basis. In March 2012 we amended the plan to provide for cash settlement of awards instead of issuing new shares. As a result we will now settle these awards in cash and we reclassified \$97 million from Capital surplus to Accrued liabilities and Other liabilities and deferred income taxes.

**RSUs**

The following table summarizes information about the RSUs under our stock incentive plans (RSUs in millions):

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at December 31, 2011	22.5	\$ 23.01	1.1
Granted	9.1	\$ 25.10	
Settled	(3.2)	\$ 27.71	
Forfeited or expired	(1.5)	\$ 24.42	
RSUs outstanding at December 31, 2012	26.9	\$ 23.06	0.7
RSUs unvested and expected to vest at December 31, 2012	16.2	\$ 23.49	1.0
RSUs vested and payable at December 31, 2012	10.3	\$ 22.27	—
RSUs granted in the year ended December 31, 2011		\$ 31.18	
RSUs granted in the year ended December 31, 2010		\$ 19.17	

The following table summarizes compensation expense recorded for our stock incentive plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Compensation expense	\$ 302	\$ 233	\$ 235
Income tax benefit	\$ 100	\$ —	\$ —

At December 31, 2012 the total unrecognized compensation expense for nonvested equity awards granted was \$185 million. This expense is expected to be recorded over a weighted-average period of one year.

The total fair value of RSUs vested in the years ended December 31, 2012, 2011 and 2010 was \$141 million, \$105 million and \$78 million.

In the years ended December 31, 2012, 2011 and 2010 total payments for 1.6 million, 456,000 and 292,000 RSUs settled under stock incentive plans were \$36 million, \$14 million and \$5 million.

**Note 27. Ally Financial**

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

**Automotive**

The following tables summarize the financial statement effects of and maximum obligations under agreements with Ally Financial (dollars in millions):

	December 31, 2012	December 31, 2011
<b>Vehicle repurchase obligations</b>		
Maximum obligations(a)	\$ 22,112	\$ 18,972
Fair value of guarantee	\$ 15	\$ 17

(a) We corrected the amount originally reported as \$19.8 billion in our Annual Report on Form 10-K as of December 31, 2011.

	Years Ended December 31,		
	2012	2011	2010
U.S. marketing incentives and operating lease residual payments	\$ 1,732	\$ 1,428	\$ 1,111
Exclusivity fee income	\$ 63	\$ 76	\$ 99

**Marketing Incentives and Operating Lease Residuals**

Under an interest rate support program, we pay an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. The amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. We reimburse Ally Financial to the extent sales proceeds are less than the customer's contract residual value, limited to Ally Financial's standard residual value. The residual support amount owed is calculated at contract termination and, in cases where the amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent remarketing proceeds are below Ally Financial's standard residual value (limited to a floor).

Under a capitalized cost reduction program, we pay an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. Ally Financial waives the customer's remaining payment obligation under their current lease and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit.

**Exclusivity Arrangements**

We have entered into exclusivity agreements with Ally Financial whereby: (1) for a two-year period, retail financing incentive programs can be offered through a third-party financing source under certain specified circumstances, and after such two-year period beginning in January 2011 through December 2013 any such incentive programs can be offered on a graduated basis through third-parties on a non-exclusive basis, or if Ally Financial matches the rates offered by such third-party on a side-by-side basis with Ally Financial; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 31, 2013 we will no longer have any restrictions or limitations on our ability to offer retail financing incentive programs through any third-party financing source as a result of agreements with Ally Financial.

**Contractual Exposure Limit**

We have an agreement with Ally Financial that limits certain unsecured obligations arising from service agreements to Ally

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial to \$1.5 billion and limits the sum of maximum unsecured exposure and maximum secured exposure to the greater of \$3.0 billion or 15% of Ally Financial's capital from and after December 30, 2010.

**Vehicle Repurchase Obligations**

Our agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ended in August 2012 for vehicles invoiced through August 2011, ends in August 2013 for vehicles invoiced through August 2012 and ends in August 2014 for vehicles invoiced through August 2013.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

**Balance Sheet**

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	December 31, 2012		December 31, 2011	
<b>Assets</b>				
Accounts and notes receivable, net(a)	\$	222	\$	243
<b>Liabilities</b>				
Accounts payable(b)	\$	47	\$	59
Short-term debt and current portion of long-term debt(c)	\$	863	\$	1,068
Accrued liabilities and other liabilities(d)	\$	878	\$	650
Long-term debt(e)	\$	6	\$	8
Other non-current liabilities(f)	\$	19	\$	35

(a) Represents wholesale settlements due from Ally Financial and receivables for exclusivity fees and royalties.

(b) Represents amounts billed to us and payable related to incentive programs.

(c) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest.

(d) Includes accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and amounts owed under lease pull-ahead programs.

(e) Represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(f) Represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

**Statement of Operations**

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Total net sales and revenue (decrease)(a)	\$ (2,368)	\$ (1,468)	\$ (1,383)
Interest income and other non-operating income, net(b)	\$ 87	\$ 126	\$ 228
Automotive interest expense(c)	\$ 38	\$ 63	\$ 243

(a) Represents marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and costs under risk sharing and lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and

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

governmental lease programs and third-party resale purposes.

- (b) Represents income on investments in Ally Financial preferred stock (through March 31, 2011), exclusivity and royalty fee income. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.
- (c) Represents interest incurred on notes payable and wholesale settlements.

***Ally Financial Common and Preferred Stock***

In December 2010 the UST agreed to convert 110 million shares of preferred securities into 532,000 shares of common stock. This resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% was held directly and 5.9% was held indirectly through an independent trust. In May 2011 we transferred the 4.0% of shares we owned directly to the independent trust. In December 2011 in response to a letter from the trustee requesting that the life of the trust be extended, the Federal Reserve agreed to extend the trust from December 2011 to December 2013. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2013. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10.0%. At December 31, 2012 and 2011 our equity ownership in Ally Financial was 9.9%.

***Fair Value of Ally Financial Common Stock***

We estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. The significant inputs used in our fair value analyses included Ally Financial's December 31, 2012 and 2011 financial statements, financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry, and the effects of certain Ally Financial shareholder rights. The measurement of Ally Financial common stock is a Level 3 fair value measurement.

At December 31, 2011 we determined the carrying amount of our investment in Ally Financial common stock exceeded our estimate of its fair value. Our estimate of fair value resulted from broader macroeconomic uncertainties and volatility in the financial markets including the Eurozone debt crisis, continued heightened risk of recession and concerns about Ally Financial's mortgage related operations. Our estimate considered the potential effect of contractual provisions held by the UST who may receive incremental ownership interest in Ally Financial depending upon Ally Financial's equity value at the time of a successful public offering or private sale. These contractual provisions could result in significant dilution of our ownership interest. Based on an evaluation of the duration and severity of this decline in fair value, we concluded the impairment was other-than-temporary. As a result we recorded an impairment charge of \$555 million in Interest income and other non-operating income, net to reduce our investment to its estimated fair value of \$403 million.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common stock (dollars in millions):

	December 31, 2012	December 31, 2011
<b>Common stock</b>		
Carrying amount	\$ 399	\$ 403
Fair value	\$ 1,268	\$ 403

***Ally Financial Preferred Stock***

In March 2011 our investment in Ally Financial preferred stock was sold through a public offering for net proceeds of \$1.0 billion. The gain of \$339 million related to the sale was recorded in Interest income and other non-operating income, net.

**Note 28. Supplementary Quarterly Financial Information (Unaudited)**

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

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

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<b>2012</b>				
Total net sales and revenue	\$ 37,759	\$ 37,614	\$ 37,576	\$ 39,307
Automotive gross margin	\$ 4,418	\$ 4,449	\$ 4,327	\$ (3,135)
Net income	\$ 1,350	\$ 1,901	\$ 1,854	\$ 1,031
Net income attributable to stockholders	\$ 1,315	\$ 1,846	\$ 1,833	\$ 1,194
Earnings per share, basic	\$ 0.64	\$ 0.95	\$ 0.94	\$ 0.58
Earnings per share, diluted	\$ 0.60	\$ 0.90	\$ 0.89	\$ 0.54

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<b>2011</b>				
Total net sales and revenue	\$ 36,194	\$ 39,373	\$ 36,719	\$ 37,990
Automotive gross margin	\$ 4,214	\$ 5,250	\$ 4,594	\$ 4,422
Net income	\$ 3,411	\$ 3,037	\$ 2,092	\$ 747
Net income attributable to stockholders	\$ 3,366	\$ 2,992	\$ 2,107	\$ 725
Earnings per share, basic	\$ 2.09	\$ 1.68	\$ 1.10	\$ 0.30
Earnings per share, diluted	\$ 1.77	\$ 1.54	\$ 1.03	\$ 0.28

Starting in the three months ended June 30, 2011 we used the two-class method for calculating earnings per share because Series B Preferred Stock was a participating security.

Net income for the three months ended December 31, 2012 included:

- Deferred tax asset valuation allowance release of \$36.3 billion in the U.S. and Canada.
- Goodwill impairment charges of \$26.5 billion in GMNA and GMIO.
- Property, plant and equipment impairment charges of \$3.7 billion in GME.
- Pension settlement charge of \$2.6 billion in GMNA.
- Intangible asset impairment charges of \$1.8 billion in GME.
- Charge of \$525 million for GM Korea hourly wage litigation.
- Charge of \$402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

Net income for the three months ended September 30, 2012 included:

- Goodwill impairment charges of \$78 million in GMIO.

Net income for the three months ended March 31, 2012 included:

- Goodwill impairment charges of \$617 million in GMIO and GME.

Net income the three months ended December 31, 2011 included:

- Goodwill impairment charge of \$891 million in GMIO and GME.
- Settlement gain of \$749 million related to termination of CAW hourly retiree healthcare benefits in GMNA.
- Impairment charge of \$555 million related to Ally Financial common stock in Corporate.
- Reversal of deferred income tax valuation allowances of \$502 million in Australia.

Net income for the three months ended March 31, 2011 included:



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

- Gain of \$1.6 billion related to the sale of our Class A membership Interests in New Delphi in GMNA.
- Goodwill impairment charge of \$395 million in GME.
- Gain of \$339 million related to the sale of 100% of our investment in the Ally Financial preferred stock in Corporate.

**Note 29. Segment Reporting**

We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. 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 loaded 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 factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes, as adjusted for additional amounts, which are presented net of noncontrolling interests, and evaluates GM Financial through income before income taxes.

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

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

- Buick
- Cadillac
- Chevrolet
- GMC

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

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

At December 31, 2012 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Korea, SGM, SGMS, SGMW, FAW-GM and HKJV. These companies design, manufacture and market vehicles under the following brands:

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

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

In 2012 we recorded losses on extinguishment of debt within Corporate for segment reporting purposes. Previously gains and losses on extinguishment of debt were recorded within the applicable automotive segments. This change is consistent with how management currently views the results of our operations.

All intersegment balances and transactions have been eliminated in consolidation.

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



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

At and For the Year Ended December 31, 2012										
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
<b>Sales</b>										
External customers	\$ 89,912	\$ 20,689	\$ 22,954	\$ 16,700	\$ 40	\$ —	\$ 150,295	\$ —	\$ —	\$ 150,295
GM Financial revenue	—	—	—	—	—	—	—	1,961	—	1,961
Intersegment	4,683	1,361	4,736	250	—	(11,032)	(2)	—	2	—
<b>Total net sales and revenue</b>	<b>\$ 94,595</b>	<b>\$ 22,050</b>	<b>\$ 27,690</b>	<b>\$ 16,950</b>	<b>\$ 40</b>	<b>\$ (11,032)</b>	<b>\$ 150,293</b>	<b>\$ 1,961</b>	<b>\$ 2</b>	<b>\$ 152,256</b>
<b>Income (loss) before automotive interest and income taxes-adjusted</b>										
	\$ 6,953	\$ (1,797)	\$ 2,191	\$ 271	\$ (395)	\$ (107)	\$ 7,116	\$ 744	\$ (1)	\$ 7,859
Adjustments(a)	(29,052)	(6,391)	(288)	27	(402)	—	(36,106)	—	—	(36,106)
Corporate interest income					343					343
Automotive interest expense					489					489
Loss on extinguishment of debt					250					250
Income (loss) before income taxes					(1,193)			744		(28,643)
Income tax expense (benefit)					(35,007)			177	(1)	(34,831)
<b>Net income attributable to stockholders</b>					<b>\$ 33,814</b>			<b>\$ 567</b>		<b>\$ 6,188</b>
<b>Equity in net assets of nonconsolidated affiliates</b>										
	\$ 65	\$ 51	\$ 6,764	\$ 3	\$ —	\$ —	\$ 6,883	\$ —	\$ —	\$ 6,883
<b>Total assets</b>	<b>\$ 87,181</b>	<b>\$ 9,781</b>	<b>\$ 25,092</b>	<b>\$ 12,070</b>	<b>\$ 16,991</b>	<b>\$ (17,371)</b>	<b>\$ 133,744</b>	<b>\$ 16,368</b>	<b>\$ (690)</b>	<b>\$ 149,422</b>
<b>Expenditures for property</b>										
	\$ 4,766	\$ 1,035	\$ 1,225	\$ 956	\$ 77	\$ (4)	\$ 8,055	\$ 13	\$ —	\$ 8,068
<b>Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets</b>										
	\$ 3,663	\$ 6,570	\$ 638	\$ 483	\$ 49	\$ (1)	\$ 11,402	\$ 225	\$ (10)	\$ 11,617
<b>Equity income, net of tax and gain on investments</b>										
	\$ 9	\$ —	\$ 1,552	\$ 1	\$ —	\$ —	\$ 1,562	\$ —	\$ —	\$ 1,562
<b>Significant non-cash charges (benefits) not classified as adjustments in (a)</b>										
<b>Impairment charges related to long-lived assets</b>										
	\$ 50	\$ —	\$ 28	\$ 2	\$ —	\$ —	\$ 80	\$ —	\$ —	\$ 80
<b>Impairment charges related to equipment on operating leases</b>										
	40	141	—	—	—	—	181	—	—	181
<b>Valuation allowances against deferred tax assets(b)</b>										
	—	—	—	—	(36,261)	—	(36,261)	(103)	—	(36,364)
<b>Total significant non-cash charges (benefits)</b>	<b>\$ 90</b>	<b>\$ 141</b>	<b>\$ 28</b>	<b>\$ 2</b>	<b>\$ (36,261)</b>	<b>\$ —</b>	<b>\$ (36,000)</b>	<b>\$ (103)</b>	<b>\$ —</b>	<b>\$ (36,103)</b>

- (a) Consists of Goodwill impairment charges of \$26.4 billion, pension settlement charges of \$2.7 billion and income related to various insurance recoveries of \$9 million in GMNA; property impairment charges of \$3.7 billion, intangible assets impairment charges of \$1.8 billion, goodwill impairment charges of \$590 million, impairment charges related to investment in PSA of \$220 million, a charge of \$119 million to record GMS assets and liabilities to estimated fair value and income related to various insurance recoveries of \$7 million in GME; GM Korea hourly wage litigation charge of \$336 million, goodwill impairment charges of \$132 million, which are presented net of noncontrolling interests, income related to various insurance recoveries of \$112 million and income related to redemption of the GM Korea mandatorily redeemable preferred shares of \$68 million in GMIO; income related to various insurance recoveries of \$27 million in GMSA; and a charge of \$402 million which represents the premium paid to purchase our common stock from the UST in Corporate.
- (b) Includes valuation allowance releases of \$36.5 billion net of the establishment of new valuation allowances of \$0.1 billion. Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

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

At and For the Year Ended December 31, 2011										
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
<b>Sales</b>										
External customers	\$ 85,988	\$ 25,154	\$ 21,031	\$ 16,632	\$ 61	\$ —	\$ 148,866	\$ —	\$ —	\$ 148,866
GM Financial revenue	—	—	—	—	—	—	—	1,410	—	1,410
Intersegment	4,245	1,603	3,730	245	—	(9,820)	3	—	(3)	—
<b>Total net sales and revenue</b>	<b>\$ 90,233</b>	<b>\$ 26,757</b>	<b>\$ 24,761</b>	<b>\$ 16,877</b>	<b>\$ 61</b>	<b>\$ (9,820)</b>	<b>\$ 148,869</b>	<b>\$ 1,410</b>	<b>\$ (3)</b>	<b>\$ 150,276</b>
<b>Income (loss) before automotive interest and income taxes-adjusted</b>										
	\$ 7,194	\$ (747)	\$ 1,897	\$ (122)	\$ (447)	\$ (93)	\$ 7,682	\$ 622	\$ —	\$ 8,304
Adjustments(a)	2,394	(1,016)	(364)	63	(216)	—	861	—	—	861
Corporate interest income					455					455
Automotive interest expense					540					540
<b>Income (loss) before income taxes</b>					<b>(748)</b>			<b>622</b>		<b>9,080</b>
Income tax expense (benefit)					(295)			185		(110)
<b>Net income (loss) attributable to stockholders</b>					<b>\$ (453)</b>			<b>\$ 437</b>		<b>\$ 9,190</b>
<b>Equity in net assets of nonconsolidated affiliates</b>										
	\$ 60	\$ 50	\$ 6,678	\$ 2	\$ —	\$ —	\$ 6,790	\$ —	\$ —	\$ 6,790
<b>Total assets</b>	<b>\$ 83,595</b>	<b>\$ 15,799</b>	<b>\$ 22,181</b>	<b>\$ 11,631</b>	<b>\$ 30,244</b>	<b>\$ (31,590)</b>	<b>\$ 131,860</b>	<b>\$ 13,112</b>	<b>\$ (369)</b>	<b>\$ 144,603</b>
<b>Expenditures for property</b>										
	\$ 3,404	\$ 1,016	\$ 907	\$ 880	\$ 44	\$ (10)	\$ 6,241	\$ 8	\$ —	\$ 6,249
<b>Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets</b>										
	\$ 3,693	\$ 1,371	\$ 491	\$ 454	\$ 50	\$ (1)	\$ 6,058	\$ 85	\$ (2)	\$ 6,141
<b>Equity income, net of tax and gain on investments(b)</b>										
	\$ 1,733	\$ —	\$ 1,458	\$ 1	\$ —	\$ —	\$ 3,192	\$ —	\$ —	\$ 3,192
<b>Significant noncash charges (gains) not classified as adjustments in (a)</b>										
<b>Impairment charges related to long-lived assets</b>										
	\$ 74	\$ —	\$ 4	\$ 3	\$ —	\$ —	\$ 81	\$ —	\$ —	\$ 81
<b>Impairment charges related to equipment on operating leases</b>										
	75	76	—	—	—	—	151	—	—	151
<b>Reversal of valuation allowances against deferred tax assets(c)</b>										
	—	—	—	—	(488)	—	(488)	—	—	(488)
<b>Total significant noncash charges (gains)</b>	<b>\$ 149</b>	<b>\$ 76</b>	<b>\$ 4</b>	<b>\$ 3</b>	<b>\$ (488)</b>	<b>\$ —</b>	<b>\$ (256)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (256)</b>

- (a) Consists of the gain on sale of our New Delphi Class A Membership Interests of \$1.6 billion and the gain related to the HCT settlement of \$749 million in GMNA; Goodwill impairment charges of \$1.0 billion in GME; Goodwill impairment charges of \$258 million and charges related to HKJV of \$106 million in GMIO; a gain on extinguishment of debt of \$63 million in GMSA; and impairment charges of \$555 million related to Ally Financial common stock and a gain on the sale of Ally Financial preferred stock of \$339 million in Corporate.
- (b) Includes a gain of \$1.6 billion recorded on the sale of our New Delphi Class A Membership Interests. Refer to Note 10 for additional information on the sale of New Delphi.
- (c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

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

For the Year Ended December 31, 2010

	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
<b>Sales</b>										
External customers	\$ 79,514	\$ 22,868	\$ 17,730	\$ 15,065	\$ 134	\$ —	\$ 135,311	\$ —	\$ —	\$ 135,311
GM Financial revenue	—	—	—	—	—	—	—	281	—	281
Intersegment	3,521	1,208	2,831	314	—	(7,874)	—	—	—	—
<b>Total net sales and revenue</b>	<b>\$ 83,035</b>	<b>\$ 24,076</b>	<b>\$ 20,561</b>	<b>\$ 15,379</b>	<b>\$ 134</b>	<b>\$ (7,874)</b>	<b>\$ 135,311</b>	<b>\$ 281</b>	<b>\$ —</b>	<b>\$ 135,592</b>
<b>Income (loss) before automotive interest and income taxes-adjusted</b>										
	\$ 5,688	\$ (1,953)	\$ 2,262	\$ 818	\$ 191	\$ (105)	\$ 6,901	\$ 129	\$ —	\$ 7,030
Adjustments(a)	\$ 60	\$ 189	\$ —	\$ —	198	\$ —	\$ 447	—	\$ —	447
Corporate interest income					465					465
Automotive interest expense					1,098					1,098
<b>Income (loss) before income taxes</b>					(244)			129		6,844
Income tax expense					633			39		672
<b>Net income (loss) attributable to stockholders</b>					<b>\$ (877)</b>			<b>\$ 90</b>		<b>\$ 6,172</b>
<b>Expenditures for property</b>										
	\$ 2,380	\$ 634	\$ 729	\$ 411	\$ 46	\$ —	\$ 4,200	\$ 2	\$ —	\$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	\$ 4,434	\$ 1,476	\$ 349	\$ 496	\$ 168	\$ —	\$ 6,923	\$ 7	\$ —	\$ 6,930
Equity income, net of tax and gain on investments	\$ 120	\$ 11	\$ 1,307	\$ (2)	\$ 2	\$ —	\$ 1,438	\$ —	\$ —	\$ 1,438
<b>Significant noncash charges (gains) not classified as adjustments in(a)</b>										
Net contingent Adjustment Shares(b)	\$ —	\$ —	\$ —	\$ —	\$ (162)	\$ —	\$ (162)	\$ —	\$ —	\$ (162)
Reversal of valuation allowances against deferred tax assets(c)	—	—	—	—	(63)	—	(63)	—	—	(63)
Impairment charges related to long-lived assets	234	—	6	—	—	—	240	—	—	240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	49
<b>Total significant noncash charges (gains)</b>	<b>\$ 234</b>	<b>\$ 49</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ (225)</b>	<b>\$ —</b>	<b>\$ 64</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 64</b>

- (a) Consists of a gain on the sale of Nexteer of \$60 million in GMNA, a gain on the sale of Saab of \$123 million, a gain on acquisition of GMS of \$66 million in GME and a gain on the extinguishment of the VEBA Notes of \$198 million in Corporate.
- (b) Gain on the reversal of an accrual for Adjustment Shares due to the conclusion that it was no longer probable that unsecured claims of MLC would reach the levels as defined by the Amended and Restated Master Sale and Purchase Agreement.
- (c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures and non-wholly owned consolidated subsidiaries. In such case, the revenue is attributed based on the geographic location of the joint venture or non-wholly owned consolidated subsidiary. 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):

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

	At and For the Years Ended December 31,					
	2012		2011		2010	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
<b>North America</b>						
U.S.	\$ 85,105	\$ 13,520	\$ 79,868	\$ 11,736	\$ 72,736	\$ 10,351
Canada and Mexico	9,558	3,861	10,153	3,227	10,195	2,773
<b>GM Financial</b>						
U.S.	1,832	1,112	1,363	532	279	46
Canada	129	590	47	300	2	1
<b>Europe</b>						
France	1,551	30	2,343	73	1,820	63
Germany	4,610	308	5,975	2,348	5,004	1,852
Italy	1,412	24	2,429	55	2,509	176
Russia	1,990	165	1,668	124	964	132
Spain	962	84	1,263	464	1,398	665
United Kingdom	4,875	518	4,899	815	5,253	761
Other European countries	5,311	327	6,616	851	5,941	632
<b>Asia</b>						
Korea	8,907	2,280	9,087	1,874	7,301	1,519
Thailand	2,157	680	911	582	561	341
Other Asian countries	816	670	496	147	482	74
<b>South America</b>						
Argentina	1,741	146	1,723	164	1,215	183
Brazil	9,407	2,229	9,635	2,077	9,513	1,425
Colombia	1,527	190	1,799	117	1,438	104
Venezuela	1,846	56	1,472	48	1,130	47
Other South American countries	2,179	99	2,002	79	1,782	62
<b>Other Geographic Locations</b>						
Australia	3,554	607	3,887	516	3,623	492
South Africa	1,294	110	1,398	109	1,104	99
All other geographic locations	1,493	41	1,242	39	1,342	52
<b>Total consolidated</b>	<b>\$ 152,256</b>	<b>\$ 27,647</b>	<b>\$ 150,276</b>	<b>\$ 26,277</b>	<b>\$ 135,592</b>	<b>\$ 21,850</b>

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	At and For the Years Ended December 31,					
	2012		2011		2010	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
U.S.	\$ 86,937	\$ 14,632	\$ 81,231	\$ 12,268	\$ 73,015	\$ 10,397
Non-U.S.	65,319	13,015	69,045	14,009	62,577	11,453
<b>Total U.S. and non-U.S.</b>	<b>\$ 152,256</b>	<b>\$ 27,647</b>	<b>\$ 150,276</b>	<b>\$ 26,277</b>	<b>\$ 135,592</b>	<b>\$ 21,850</b>

**Note 30. 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):

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

	Years Ended December 31,		
	2012	2011	2010
Accounts receivable	\$ (460)	\$ (1,572)	\$ (641)
Prepaid expenses and other deferred charges	(255)	(165)	304
Inventories	(326)	(2,760)	(2,229)
Accounts payable	162	2,139	2,257
Income taxes payable	155	(360)	54
Accrued liabilities and other liabilities	1,041	(727)	(83)
Automotive equipment on operating leases	370	(522)	(628)
<b>Total</b>	<b>\$ 687</b>	<b>\$ (3,967)</b>	<b>\$ (966)</b>
<b>Cash paid for income taxes and interest</b>			
Cash paid for income taxes	\$ 575	\$ 569	\$ 357
Cash paid for interest - Automotive	\$ 452	\$ 317	\$ 1,001
Cash paid for interest - GM Financial	298	284	66
<b>Total cash paid for interest</b>	<b>\$ 750</b>	<b>\$ 601</b>	<b>\$ 1,067</b>

**Significant Non-Cash Activity**

*Investing Cash Flows*

The following table summarizes the amounts of non-cash property additions that were excluded from Expenditures for property within the investing activities section of the consolidated statement of cash flows because no cash was expended (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Non-cash property additions	\$ 3,879	\$ 3,689	\$ 2,290

*Financing Cash Flows*

The following table summarizes the amounts relating to non-cash financing activities that were excluded from the financing activities section of the consolidated statements of cash flows because no cash was expended (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Contribution of common stock to U.S. hourly and salaried pension plans	\$ —	\$ 1,864	\$ —
Notes issued to settle CAW hourly retiree healthcare plan	\$ —	\$ 1,122	\$ —

Refer to Note 18 for additional information on the common stock contributed to our pension plans.

\* \* \* \* \*

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

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None

\* \* \* \* \*

**Item 9A. Controls and Procedures**

**Disclosure Controls and Procedures**

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

Our management, with the participation of our Chairman and CEO and Senior 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, 2012. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2012.

**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, 2012, utilizing the criteria discussed in the "Internal Control - Integrated Framework" 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, 2012. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2012.

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 Controls**

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON  
\_\_\_\_\_  
Daniel F. Akerson  
Chairman and Chief Executive Officer  
February 15, 2013

/s/ DANIEL AMMANN  
\_\_\_\_\_  
Daniel Ammann  
Senior Vice President and Chief Financial Officer  
February 15, 2013

\* \* \* \* \*

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**Item 9B. Other Information**

None

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**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

We have adopted a code of ethics that applies to the Corporation's directors, officers, and employees, including the Chief Executive Officer, Chief Financial Officer, Controller and Chief Accounting Officer and any other persons performing similar functions. The text of our code of ethics, "Winning With Integrity," has been posted on our website at <http://investor.gm.com> at Investors - Corporate Governance. We will provide a copy of the code of ethics without charge upon request to Corporate Secretary, General Motors Company, Mail Code 482-C25-A36, 300 Renaissance Center, P.O. Box 300, Detroit, MI 48265-3000.

\* \* \* \* \*

**Items 10, 11, 12, 13, and 14**

Information required by Part III (Items 10, 11, 12, 13, and 14) of this Form 10-K is incorporated by reference from our definitive Proxy Statement for our 2013 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of the 2012 fiscal year, all of which information is hereby incorporated by reference in, and made part of, this Form 10-K, except the information required by Item 10 with respect to our code of ethics in Item 10 above and disclosure of our executive officers, which is included in Item 1 of Part I of this report.

\* \* \* \* \*



**GENERAL MOTORS COMPANY AND SUBSIDIARIES****PART IV****ITEM 15. Exhibits**

- (a) 1. All Financial Statements and Supplemental Information  
2. Financial Statement Schedules

All financial statement schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements and notes thereto in Item 8.

3. Exhibits

- (b) Exhibits

<u>Exhibit Number</u>	<u>Exhibit Name</u>	
3.1	Restated Certificate of Incorporation of General Motors Company dated December 7, 2010, incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
3.2	Bylaws of General Motors Company, as amended and restated as of December 11, 2012, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed December 17, 2012	Incorporated by Reference
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
4.2	Certificate of Designations of 4.75% Series B Mandatory Convertible Junior Preferred Stock of General Motors Company incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.3	Letter Agreement regarding the Second Amended and Restated Secured Credit Agreement among General Motors Holdings LLC, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated September 22, 2010, incorporated by reference to Exhibit 10.41 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 23, 2010	Incorporated by Reference
10.4†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.5	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

10.6	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.7	Equity Registration Rights Agreement, dated as of October 15, 2009, between General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, Motors Liquidation Company, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed October 21, 2009	Incorporated by Reference
10.8	Letter Agreement regarding Equity Registration Rights Agreement, dated October 21, 2010, among General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation, the UAW Retiree Medical Benefits Trust and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.43 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.9	Form of Compensation Statement, incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.10	General Motors Company 2009 Long-Term Incentive Plan, as amended November 21, 2012	Filed Herewith
10.11	The General Motors Company Deferred Compensation Plan for Non-Employee Directors, incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed May 6, 2011	Incorporated by Reference
10.12	General Motors Company Executive Retirement Plan, with modifications through October 10, 2012	Filed Herewith
10.13	General Motors Company Salary Stock Plan, as amended November 21, 2012	Filed Herewith
10.14	General Motors Company Short Term Incentive Plan, as amended November 21, 2012	Filed Herewith
10.15	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.16	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.17	Form of General Motors Company 2010 Equity Grant Award Agreement, incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K of General Motors Company filed March 1, 2011	Incorporated by Reference
10.18	Form of General Motors Company March 15, 2010 Restricted Stock Unit Grant Agreement, as amended December 31, 2010, incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed March 1, 2011	Incorporated by Reference
10.19	Form of General Motors Company Equity Grant Agreement (cash settlement) dated December 15, 2011, incorporated herein by reference to Exhibit 10.26 to the Annual Report on Form 10-K of General Motors Company filed February 27, 2012	Incorporated by Reference

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

10.20	Form of General Motors Company Equity Grant Agreement dated December 15, 2011, incorporated herein by reference to Exhibit 10.27 to the Annual Report on Form 10-K of General Motors Company filed February 27, 2012	Incorporated by Reference
10.21	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.22†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.23†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.24	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a \$30 original (\$10 after stock split) exercise price and a July 10, 2016 expiration date, incorporated herein by reference to Exhibit 10.29 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.25	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a \$55 original (\$18.33 after stock split) exercise price and a July 10, 2019 expiration date, incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.26	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a \$126.92 original (\$42.31 after stock split) exercise price and a December 31, 2015 expiration date, incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.27†	Master Agreement, dated as February 29, 2012, between General Motors Holdings LLC and Peugeot S.A. incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed on March 5, 2012	Incorporated by Reference
10.28†	Amended and Restated Definitive Transaction Framework Agreement, dated as of October 31, 2012, by and among General Motors LLC, Prudential Insurance Company of America, Prudential Financial, Inc. and State Street Bank and Trust Company, as Independent Fiduciary of the GM Retirement Program for Salaried Employees incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed on February 15, 2012	Incorporated by Reference
10.29†	Group Annuity Contract, dated November 1, 2012, purchased from Prudential Insurance Company of America by the General Motors Retirement Program for Salaried Employees, a pension plan sponsored by General Motors LLC, a wholly-owned subsidiary of General Motors Company incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A filed on February 15, 2013	Incorporated by Reference
10.30†	3-Year Revolving Credit Agreement, dated as of November 5, 2012, among General Motors Holdings, LLC, General Motors Financial Company, Inc., GM Europe Treasury Company AB, General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Banco Do Brasil, as administrative agent for the Brazilian lenders, Citibank, N.A., as syndication agent, and Bank of America, N.A., as co-syndication agent, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A filed February 7, 2013	Incorporated by Reference

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

10.31†	5-Year Revolving Credit Agreement, dated as of November 5, 2012, among General Motors Holdings, LLC, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as syndication agent, and Bank of America, N.A., as co-syndication agent, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K/A filed February 7, 2013	Incorporated by Reference
10.32	Purchase and Sale Agreement, dated November 21, 2012, between General Motors Financial Company, Inc. and Ally Financial Inc.	Filed Herewith
10.33	Share Transfer Agreement, dated November 21, 2012 between General Motors Financial Company, Inc. and Ally Financial Inc.	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Years Ended December 31, 2012, 2011 and 2010, the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Year Ended December 31, 2008	Filed Herewith
21	Subsidiaries of the Registrant as of December 31, 2012	Filed Herewith
23	Consent of Independent Registered Public Accounting Firm	Filed Herewith
24	Power of Attorney for Directors of General Motors Company	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished with this Report
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished with this Report
99.1	Principal Executive Officer and Principal Financial Officer Executive Privileges and Compensation Certificate	Filed Herewith
101.INS*	XBRL Instance Document	Furnished with this Report
101.SCH*	XBRL Taxonomy Extension Schema Document	Furnished with this Report
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	Furnished with this Report
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	Furnished with this Report
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document	Furnished with this Report
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	Furnished with this Report

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

\* Submitted electronically with this Report.

\* \* \* \* \*

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**SIGNATURES**

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

GENERAL MOTORS COMPANY  
(Registrant)

Date: February 15, 2013

By: /s/ DANIEL F. AKERSON  
Daniel F. Akerson  
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 15th day of February 2013 by the following persons on behalf of the Registrant and in the capacities indicated, including a majority of the directors.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

<u>Signature</u>	<u>Title</u>
<u>/s/ DANIEL F. AKERSON</u> (Daniel F. Akerson)	Chairman and Chief Executive Officer
<u>/s/ DANIEL AMMANN</u> (Daniel Ammann)	Senior Vice President and Chief Financial Officer
<u>/s/ NICK S. CYPRUS</u> (Nick S. Cyprus)	Vice President, Controller and Chief Accounting Officer
<u>/s/ DAVID BONDERMAN</u> (David Bonderman)	Director
<u>/s/ ERROLL B. DAVIS, JR.</u> (Erroll B. Davis, Jr.)	Director
<u>/s/ STEPHEN J. GIRSKY</u> (Stephen J. Girskey)	Director
<u>/s/ E. NEVILLE ISDELL</u> (E. Neville Isdell)	Director
<u>/s/ ROBERT D. KREBS</u> (Robert D. Krebs)	Director
<u>/s/ PHILIP A. LASKAWY</u> (Philip A. Laskawy)	Director
<u>/s/ KATHRYN V. MARINELLO</u> (Kathryn V. Marinello)	Director
<u>/s/ JAMES J. MULVA</u> (James J. Mulva)	Director
<u>/s/ PATRICIA F. RUSSO</u> (Patricia F. Russo)	Director
<u>/s/ THOMAS M. SCHOEWE</u> (Thomas M. Schoewe)	Director
<u>/s/ THEODORE M. SOLSO</u> (Theodore M. Solso)	Director
<u>/s/ CAROL M. STEPHENSON</u> (Carol M. Stephenson)	Director
<u>/s/ DR. CYNTHIA A. TELLES</u> (Dr. Cynthia A. Telles)	Director

**GENERAL MOTORS COMPANY 2009 LONG-TERM INCENTIVE PLAN**

*As Amended November 21, 2012*

*SECTION 1. Purpose.* The purpose of the General Motors Company 2009 Long-Term Incentive Plan is to motivate and reward participating Employees toward the long-term success of the business by making them participants in that success. Capitalized terms used in the Plan shall have the definitions set forth in Section 11 of the Plan.

*SECTION 2. Administration.* The Plan shall be administered by the Committee. The Committee shall have full discretionary power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to (i) select the Employees of the Company and its Subsidiaries to whom Awards may be granted hereunder; (ii) determine the number of Shares to be covered by each Award granted hereunder; (iii) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property, or canceled, and (iv) interpret and administer the Plan and any Award Agreement, and establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan. The Committee may delegate to an appropriate Executive Officer of the Company responsibility for determining, within the limits established by the Committee, individual Awards for Employees who are not Executive Committee members or Executive Officers of the Company.

Terms of Awards granted to Employees subject to compliance with the provisions of the Interim Final Rule and any determinations by the Special Master for TARP Executive Compensation will be determined by the Committee and will be included in the Award Agreements for those Employees

*SECTION 3. Shares Subject to the Plan.*

(a) Subject to the provisions of Section 3(f) below, the aggregate number of Shares with respect to which Awards may be granted under this Plan shall not exceed 75,000,000 Shares. Shares subject to awards granted under the General Motors Company Salary Stock Plan and the General Motors Company Short-Term Incentive Plan shall reduce the number of Shares with respect to which Awards may be granted under this Plan. Each share subject to a Stock Option or Stock Appreciation Right will reduce the number of shares available for issuance under the Plan by one share, and each share subject to a Restricted Stock Unit or Stock Award will reduce the number of shares available for issuance by two and one-half shares. Subject to the provisions of Section 3(f), for awards that are intended to constitute qualified performance based compensation under 162m, grants of Options or Stock Appreciation Rights in any calendar year may not cover more than 1,000,000 shares and grants of RSUs or Stock Awards in any calendar year may not cover more than 250,000 shares.

(b) Awards granted under the Plan that are settled in cash will not count against the approved share reserve. Awards, other than Substitute Awards, that are forfeited or otherwise terminate without the issuance of Shares will no longer be charged against the maximum share limitation and will again be available for future grants. These Shares will return to the available share pool at the same ratio at which they were granted.

(c) Shares withheld by or delivered to the Company to satisfy the exercise or conversion price of an Award or in payment of taxes will not again be available for future grants.

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(d) Substitute Awards will not reduce the number of Shares authorized for grant hereunder.

(e) Any Shares delivered in settlement of Awards hereunder may consist, in whole or in part, of authorized and unissued Shares, treasury Shares or Shares purchased in the open market or otherwise.

(f) In the event of any merger, reorganization, consolidation, re-capitalization, stock split or reverse stock split, stock dividend, extraordinary cash dividend, or other change in corporate structure affecting the Company's Shares, the Committee shall make such adjustments in the aggregate number of Shares which may be delivered under this Plan and the number of Shares subject to Awards granted under this Plan (provided the number of Shares subject to any Award shall always be a whole number), as may be determined to be appropriate by the Committee in order to prevent unintended enhancement or diminution of the benefits or potential benefits intended to be conferred on Participants pursuant to Awards granted hereunder.

#### *SECTION 4. Eligibility.*

(a) Any Employee shall be eligible to be selected as a Participant.

(b) *Conditions Precedent.* As a condition precedent to the vesting and settlement of any portion of an Award, Participants shall: (i) continue to render services as an Employee (unless this condition is waived by the Committee), (ii) refrain from engaging in any activity which, in the opinion of the Chief Executive Officer or Vice President, Global Human Resources, is in any manner inimical or in any way contrary to the best interests of the Company, (For purposes of this provision, the determination of whether an action will cause damage to the Company, or is inimical or in any way contrary to the best interest of the Company shall be made in the sole discretion of the Chief Executive Officer or Vice President, Global Human Resources of the Company.), (iii) not for a period of 12 months following any voluntary termination of employment, directly or indirectly, knowingly induce any Employee or employee of an affiliate of the Company to leave their employment for participation, directly or indirectly, with any existing or future business venture associated with such individual, and (iv) furnish to the Company such information with respect to the satisfaction of the foregoing conditions precedent as the Committee shall reasonably request. Except as otherwise provided under paragraph 6(d)(i) below, the failure by any Participant to satisfy such conditions precedent shall result in the immediate cancellation of the unvested portion of any Award previously made to such Participant and such Participant shall not be entitled to receive any consideration in respect of such cancellation.

*SECTION 5.* The Committee may require a Participant to enter into such agreements as the Committee considers appropriate and in the best interests of the Company.

#### *SECTION 6. Stock Awards and Restricted Stock Units.*

(a) *Grant and Performance Conditions.* The Committee may grant Restricted Stock Unit Awards or Stock Awards to Participants, from time to time. Such Awards shall be valued by reference to a designated number of Shares. A Stock Award or RSU Award shall be subject to the terms and conditions set forth in this Section 6 and the terms set forth in the applicable Award Agreement. In the case of a discrepancy between the Plan and the RSU Award Agreement, the terms of the RSU Award Agreement will control.

(b) *Nonforfeiture.* No portion of a Stock Award or RSU Award shall become nonforfeitable or transferable, as applicable, prior to a date specified by the Committee in the Award Agreement except

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as set forth in Section 6(d). A Participant must remain continuously employed by the Company or a Subsidiary through the nonforfeitability date specified in the Award Agreement except as set forth in Section 6(d). Awards shall be conditioned upon the achievement of Performance Conditions, if applicable, as specified in the Award Agreement.

(c) *Payment and Delivery.* No RSU Award shall be paid or settled prior to the first applicable Settlement Date, except as provided in Section 6(d)(i).

(d) *Termination of Employment.* Except as set forth in this subsection, upon the termination of a Participant's employment, any Award (or portion thereof) held by such Participant that has not become nonforfeitable in accordance with Section 6(b) at the time of such termination shall be forfeited.

(i) In the event that the Participant's employment terminates as a result of his or her death, a pro rata portion of the Award held by such Participant shall be retained and become nonforfeitable. The retained portion shall be determined by multiplying the number of shares comprising or underlying the Award by a fraction, the numerator of which is the number of full and partial calendar months elapsed from the Proration Date to the date of death and the denominator of which is the number of months from the Grant Date to the date on which such Award would have become nonforfeitable in accordance with Section 6(b). In no event will such fraction exceed 1.0. The retained portion of any RSU Award will be settled in the form provided in Section 6(e) and the Settlement Date for such Awards will occur as soon as practicable after the date of death.

(ii) In the event of the Participant's Disability, all Awards (or portions thereof) held by such Participant will be retained and any RSU awards will be subject to the payment and delivery provisions set forth in Section 6(c). The retained RSU Award (or portion thereof) will be settled in the form provided in Section 6(e).

(iii) In the case of any Award which is not a TARP Award, in the event that the Participant retires from the Company at age 55 or older with ten or more years of service (or equivalent retirement eligibility in countries outside the United States) or for Awards granted after March 15, 2010, retirement at age 55 or older with ten or more years of service (or equivalent retirement eligibility in countries outside the United States) or age 62 or older, subject to other terms and conditions of the Plan, a pro rata portion of the Award held by such Participant shall be retained and become nonforfeitable. The retained portion shall be determined by multiplying the number of shares comprising or underlying the Award by a fraction, the numerator of which is the number of full and partial calendar months elapsed from the Proration Date to the date of retirement and the denominator of which is the number of months from the Grant Date to the date on which such Award would have become nonforfeitable in accordance with Section 6(b). In no event will such fraction exceed 1.0. Any retained RSU Awards will be settled on the Settlement Date in the form provided in Section 6(e).

(iv) In the case of any TARP Award, in the event that the Participant retires from the Company at age 55 or older with ten or more years of service (or equivalent retirement eligibility in countries outside the United States) or for Awards granted after March 15, 2010, the Participant retires at age 55 or older with ten or more years of service (or equivalent retirement eligibility in countries outside the United States) or age 62 or older, and such Participant has remained continuously employed for two years from the Grant Date, subject to other terms and conditions of the Plan, a prorated portion of the Award held by such Participant shall be retained and become

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nonforfeitable. The retained portion shall be determined by multiplying the number of shares comprising or underlying the Award by a fraction, the numerator of which is the number of full and partial calendar months elapsed from the Proration Date to the date of retirement and the denominator of which is the number of months from the Grant Date to the date on which such Award would have become nonforfeitable in accordance with Section 6(b). In no event will such fraction exceed 1.0. Any retained RSU Awards will be settled on the Settlement Date in the form provided in Section 6(e).

(v) Notwithstanding the above provisions, any Participant who retires or separates from the Company or a Subsidiary under the terms of an approved separation agreement or program will not be entitled to retain any portion of an Award.

(e) *Form of Settlement.* Each RSU Award shall be settled on any applicable Settlement Date by delivery of Shares. If a Settlement Date for any RSU Award occurs prior to the date which is six months following the consummation of an underwritten public offering of Shares, the Award shall be settled by the delivery of the Fair Market Value of Shares, in cash. Such delivery shall take place promptly after the applicable Settlement Date; provided, however, that such delivery shall be made in all events not later than December 31 of the calendar year in which such Settlement Date occurs.

(f) *No Rights of a Shareholder.* No holder of any RSU Award shall have any rights to dividends or any other rights of a stockholder with respect to Shares subject to the Award prior to becoming the record owner of such Shares.

(g) *Leave of Absence.* Notwithstanding Section 6(d), a qualifying leave of absence shall not constitute a termination of employment. A Participant's absence or leave shall be deemed to be a qualifying leave of absence if approved by the Committee in its sole discretion.

#### *SECTION 7. Stock Options and Stock Appreciation Rights*

(a) *Grant Price.* The Grant Price of any Option or SAR shall not be less than the Fair Market Value (and in no event less than the par value) of the Shares on the date the Option or SAR is granted, except in the case of Substitute Awards.

(b) *ISO; Nonqualified Option.* Determination as to whether Options granted shall be "Incentive Stock Options" ("ISO's), Nonqualified Stock Options, and as to any restrictions which shall be placed on Options, shall be made by the Committee under such procedures as it may, from time to time, determine and each Option granted hereunder shall be identified as either an ISO or a Nonqualified Stock Option at the time of grant.

(c) *Terms of Options or Stock Appreciation Rights.* Options and SARs granted under this Plan shall be subject to the following provisions, except as otherwise determined by the Committee:

(i) *Vesting and Exercise.* Except in the case of death or except as set forth in Section 7(c)(iii)(B) or as set forth in Section 9, no Option or SAR shall vest or become exercisable prior to the first anniversary of the "Grant Date" (or such other date as may be established by the Committee or its delegate(s)); and after such date Options or SARs shall be exercisable only in accordance with the terms and conditions established at the time of grant and reflected in the Award Agreement. Unless otherwise specified in the Award Agreement, beginning on the first anniversary of the Grant Date, Options or SARs will vest and become exercisable in one-third increments.

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Subject to paragraph 7(c)(iii), each increment will first vest and become exercisable on the first, second and third anniversaries of the Grant Date, respectively. Upon becoming exercisable, the Option or SAR will remain exercisable until expiration, except as set for in Section 7(c)(iii).

(ii) Term of Options or SARs. The normal expiration date of an Option or SAR shall be determined at the time of grant, provided that each Option or SAR shall expire not more than ten years after the Grant Date.

(iii) Termination of Employment. Except as set forth in this subsection, upon the termination of a Participant's employment, any Award (or portion thereof) held by such Participant that has not vested in accordance with Section 7(c)(i) at the time of such termination shall be forfeited

(A) If the Employee quits employment with the Company or is terminated by the Company for inadequate job performance, or for willful misconduct harmful to the Company, all unvested and vested Options or SARs held by such Participant shall be forfeited as of the date of such termination, or if earlier, as of the date that such grounds for termination by the Company first exist.

(B) If the Employee retires from the Company at age 55 or older with ten or more years of credited service (or for a Participant who is a tax resident of a location outside the United States at equivalent normal retirement age in such country) or age 62 or older in the United States, subject to the other terms and conditions of the Plan, all Options or SARs will vest immediately, and will be exercisable until the expiration date of such Option. Notwithstanding this provision, the Committee may from time to time determine in its discretion that holders of Options or SARs retiring from the Company during specified time periods under specified circumstances may vest in and retain some portion of their Options or SARs granted in the year the retirement occurs.

(C) If employment is terminated by reason of death, all Options shall immediately vest and remain exercisable until the third anniversary of the date of death or, if earlier, the expiration date of such Option.

(D) If an employee becomes disabled, Options will continue to vest and become exercisable in accordance with the original terms of the grant while the Employee remains on the disability leave and, subject to the other terms and conditions of the Plan, vested Options will remain exercisable for the full remaining term.

(E) If employment terminates for any reason other than as set forth above (including, for the avoidance of doubt, retirement not meeting the conditions set forth in Section 7(c)(iii)(B) or other voluntary termination with the consent of the Company), subject to the other terms and conditions of the Plan, all vested Options will remain exercisable until the third anniversary of the date of termination of employment or, if earlier, the expiration date of such Option.

(F) If employment terminates for any reason (other than death) prior to the first anniversary of the date an Option is granted, except as provided in Section 7(c)(iii)(B) the Option shall be forfeited and terminate on the date of termination of employment.

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(iv) Leave of Absence. Notwithstanding Section 7(c)(iii), a qualifying leave of absence shall not constitute a termination of employment. A Participant's absence or leave shall be deemed to be a qualifying leave of absence if approved by the Committee in its sole discretion.

(v) Payment of Exercise Price. All Shares purchased upon exercise of any Option shall be paid for in full at the time of purchase or adequate provision for such payment shall be made. Such payment shall be made (A) in cash, (B) through delivery or constructive delivery of Shares (provided that such Shares may be subject to such holding period or other requirement as the Committee may impose, (C) a combination of cash and stock or (D) through a broker-assisted cashless exercise facility if established by the Company. Any Shares delivered as a result of an Option exercise shall be valued at their Fair Market Value on the exercise date of the Option.

*SECTION 8. Amendments, Termination and Recoupment.*

(a) The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided, however; that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) stockholder approval if such approval is necessary to comply with the rules of the New York Stock Exchange or such other national securities exchange as may be from time to time the principal trading market for Shares, and (ii) except as provided in Section 8(f), the consent of the affected Participant, if such action would materially impair the rights of such Participant under any outstanding Award.

(b) The Committee may delegate to another committee, as it may appoint, the authority to take any action consistent with the terms of the Plan, either before or after an Award has been granted, which such other committee deems necessary or advisable to comply with any government laws or regulatory requirements of a foreign country, including, but not limited to, modifying or amending the terms and conditions governing any Awards, or establishing any local country plans as sub-plans to this Plan. In addition, under all circumstances, the Committee may make non-substantive administrative changes to the Plan so as to conform with or take advantage of governmental requirements, statutes or regulations.

(c) The Committee may amend the terms of any Award and any Award Agreement theretofore granted, prospectively or retroactively, but no such amendment shall materially impair the rights of any Participant without his or her consent except as provided in Section 8(f). No such amendment shall reduce the exercise price of an outstanding Option or cancel or amend an outstanding Option for the purpose of re-pricing, replacing or re-granting such Option with an exercise price that is less than the exercise price of the original Option including cash payments in consideration of an underwater Option without stockholder approval.

(d) Notwithstanding any provision of this Plan to the contrary, any Award made and any amount of cash or Shares delivered in settlement thereof to a Participant under this Plan is subject to being called for repayment to the Company in any situation where the Board of Directors or a Committee thereof determines that the Company's Policy on Recoupment of Compensation requires such repayment, or that repayment is otherwise required by the rules of any national securities exchange on which the stock of the Company may be listed. The determination regarding repayment under this provision shall be within the sole discretion of the Committee and shall be final and binding on the Participant and the Company.

(e) If any provision of the Plan or any Award Agreement is invalid or unenforceable in any jurisdiction, (i) such provision shall be modified or eliminated, but only to the extent necessary to

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eliminate such invalidity or unenforceability and (ii) such invalidity, unenforceability, modification or elimination shall not affect the validity or enforceability of such provision in any other jurisdiction and shall not affect the validity or enforceability of any other provision of the Plan or any Award.

(f) Any Award hereunder that is or becomes a TARP Award is intended to comply with applicable Treasury regulations under TARP and shall be interpreted and amended as necessary to comply with any interpretations or guidance of the Special Master or his successor. In the event that an Award hereunder becomes a TARP Award, or is otherwise affected by any decision of the Special Master or his successor, the Company shall inform the affected Participant.

*SECTION 9. General Provisions.*

(a) An Award may not be sold, exercised, pledged, assigned, hypothecated, transferred, or disposed of in any manner except as may be expressly set forth in the Award Agreement.

(b) Neither the Award nor any benefits arising out of this Plan shall constitute part of a Participant's employment or service contract with the Company or any Subsidiary. The Awards under this Plan are not intended to be treated as compensation for any purpose under any other Company plan.

(c) No Employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants under the Plan.

(d) Nothing in the Plan or any Award granted under the Plan shall be deemed to constitute an employment or service contract or confer or be deemed to confer on any Employee or Participant any right to continue in the employ or service of, or to continue any other relationship with the Company or any Subsidiary or limit in any way the right of the Company or any Subsidiary to terminate an Employee's employment or a Participant's service at any time, with or without cause.

(e) All Shares delivered under the Plan pursuant to any Award shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, any instructions of the Special Master and the Committee may cause a legend or legends to be put on any certificates or other indicia of ownership of such Shares to make appropriate reference to such restrictions.

(f) No Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would comply with all applicable requirements of the U.S. federal securities laws and any other laws to which such offer, if made, would be subject.

(g) The Company and its Subsidiaries shall be authorized to withhold from any Award granted or payment due under the Plan the amount of withholding taxes due in respect of an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company or its Subsidiaries to satisfy all obligations for the payment of such taxes. The Committee shall be authorized to establish procedures for election by Participants to satisfy such obligation for the payment of such taxes by delivery of or transfer of Shares to the Company (to the extent the Participant has owned the surrendered Shares for more than six months if such a limitation is necessary to avoid a charge to the Company for financial reporting purposes), or by directing the Company to retain Shares (up to the

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minimum required tax withholding rate, to the extent such limitation is necessary to avoid a charge to the Company for financial reporting purposes) otherwise deliverable in connection with the Award.

(h) Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

(i) The provisions of the Plan shall be construed, regulated and administered according to the laws of the State of Delaware without giving effect to principles of conflicts of law, except to the extent superseded by any controlling Federal statute.

(k) Awards may be granted to Participants who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy; provided, however, that amendments deemed necessary under this Section 9(j) may not be made without stockholder approval or Participant approval, if such approval is required by Section 78. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.

(j) If the Company shall have any unpaid claim against the Participant arising out of or in connection with the Participant's employment with the Company, prior to settlement of an Award, such claim may be offset against Awards under this Plan (up to \$5,000 per year) and upon settlement of any Award, such claim may be offset in total. Such claim may include, but is not limited to, unpaid taxes or corporate business credit card charges.

(l) Notwithstanding any provision of this Plan, no Plan elections, modifications or distributions will be allowed or implemented if they would cause the Participant to be subject to tax (including interest and penalties) under Section 409A of the Code. The settlement of Awards hereunder may be delayed up to six months following a Participant's termination of employment if the Participant is a "specified employee" for purposes of Section 409A and such delay is necessary to avoid the imposition of tax (including interest and penalties) under Section 409A.

*SECTION 10. Term of Plan.* The Plan shall terminate on the day after the date when all Awards hereunder have been settled in accordance with the terms of the Plan.

*SECTION 11. Definitions.* As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Award" shall mean any Options, Stock Appreciation Rights, Stock Award or award of Restricted Stock Units granted hereunder.
  - (b) "Award Agreement" shall mean the written instrument evidencing the terms of an Award hereunder.
  - (c) "Board" shall mean the Board of Directors of the Company.
  - (d) "Chief Executive Officer" shall mean the Chief Executive Officer of the Company.
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(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, and any reference to any section of the Code shall also include any successor provision thereto.

(f) "Committee" shall mean the Executive Compensation Committee of the Board, its named successor, or such other persons or committee to whom the Board has delegated any authority, as may be appropriate.

(g) "Company" shall mean General Motors Company, a Delaware Company, or its successor.

(h) "Disability" shall mean the Participant is unable to engage in any gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(i) "Employee" shall mean any individual who is employed by the Company or any Subsidiary.

(j) "Exchange Act" shall mean the U.S. Securities Exchange Act of 1934.

(k) "Executive Officer" shall mean any Participant required to provide periodic statements of beneficial ownership of Company equity securities as an executive officer of the Company under Section 16(a) of the Exchange Act.

(l) "Fair Market Value" shall mean the value of a Share, determined as follows: prior to the establishment of when-issued trading of the Shares on a national securities exchange, as determined by the Committee in its discretion; and after the establishment of when-issued trading of the Shares on a national securities exchange, the average of the high and low trading (or when-issued trading) prices for the Shares as reported on such national securities exchange for the applicable date or, if no such prices are reported for that date, the average of the high and low trading (or when-issued trading) prices on the immediately preceding date for which such prices were reported.

(m) "Grant Date" shall mean the grant date specified in the Award Agreement.

(n) "Grant Price" shall mean the average of the high and low trading price per Share on the Grant Date.

(o) "Incentive Stock Options" or "ISO" shall mean an Option granted hereunder that is intended to comply with the provisions of Section 422 of the Code.

(p) "Nonqualified Option" shall mean an Option that is not an ISO.

(q) "Options" or "Stock Options" shall mean any right granted to a Participant under the Plan pursuant to and described in Section 7 allowing such Participant to purchase Shares at such price or prices and during such period or periods, as the Committee shall determine and shall include ISOs and Nonqualified Options.

(r) "Participant" shall mean an Employee who is selected by the Committee to receive an Award under the Plan

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(s) “Plan” shall mean this General Motors Company 2009 Long-Term Incentive Plan, as amended from time to time.

(t) “Performance Conditions” shall mean measures of the operational performance of the Company or other performance criteria selected by the Committee, the degree of achievement of which will determine the portion of an Award that is earned by the Participant as specified in the Award Agreement. In creating these measures, the Committee may establish the specific goals based upon or relating to one or more of the following business criteria: asset turnover, cash flow, contribution margin, cost objectives, cost reduction, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA), earnings per share, economic value added, free cash flow, increase in customer base, initial public offering, inventory turnover, liquidity, market share, net income, net income margin, operating cash flow, operating profit margin, pre-tax income, productivity, profit margin, quality, return on assets, return on net assets, return on capital, return on equity, revenue, revenue growth, and/or warranty. The business criteria may be expressed in absolute terms or relative to the performance of other companies or to an index.

(u) “Proration Date” shall be a date established by the Committee at the time of grant of an Award and specified in the Award Agreement. If no such date is established, the Proration Date shall be the Grant Date.

(v) “Restricted Stock Unit” or “RSU” shall mean any unit granted pursuant to and described in Section 6.

(w) “Settlement Date” shall mean the date on which the Award becomes nonforfeitable and payable in accordance with the provisions of the Plan and the Award Agreement.

(x) “Shares” shall mean shares of the common stock of the Company, \$0.01 par value.

(y) “Special Master” shall mean the Office of the Special Master for TARP Executive Compensation, established by the United States Secretary of the Treasury under the American Recovery and Reinvestment Act of 2009 or any other office or agency which succeeds to the powers thereof.

(z) “Stock Appreciation Right” shall mean an Award denominated in Shares that entitles the Participant within the exercise period to receive a payment equal to the increase in value between the Grant Price and the fair market value of the underlying Shares at date of exercise.

(aa) “Stock Award” shall mean an Award of shares hereunder which may be subject to such restrictions on transfer and/or forfeitability conditions as are specified in the applicable Award Agreement.

(bb) “Subsidiary” shall mean (i) a company of which capital stock having ordinary voting power to elect a majority of the board of directors of such company is owned, directly or indirectly, by the Company or (ii) any unincorporated entity in respect of which the Company can exercise, directly or indirectly, comparable control to that described in clause (i).

(cc) “Substitute Award” shall mean an Award granted hereunder in assumption or replacement of an award issued by a company acquired by the Company or with which the Company or its Subsidiary combines.

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(dd) “TARP Award” shall mean an Award hereunder that is at any time required to comply with the requirements for “long-term restricted stock” set forth in Treasury Regulations Section 31 CFR 30.1 (Q-1) and as interpreted and applied by the Special Master.

(ee) “Unit” shall mean a Restricted Stock Unit or RSU.

(ff) “Vice President, Global Human Resources” shall mean the Vice President, Global Human Resources of the Company.

# **GENERAL MOTORS LLC**

## **General Motors Executive Retirement Plan**

**With Modifications through October 10, 2012**

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**GENERAL MOTORS  
EXECUTIVE RETIREMENT PLAN**

The General Motors Executive Retirement Plan (ERP) (the Plan) is an unfunded, nonqualified deferred compensation plan. The Plan is structured to qualify for certain exemptions from the eligibility, funding and other requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and, further, ERP benefits are computed without regard to limits imposed under the Internal Revenue Code.

**Article I. Purpose; Administration; and Effective Date**

**Article I, Section I. Purpose of the Plan**

The purpose of the General Motors Executive Retirement Plan (the Plan) is to help provide eligible retiring salaried executive employees of General Motors LLC (“the Company”), and certain executive employees of General Motors Investment Management Co. (GMIMCo, formerly Promark), GM Global Steering Holdings LLC, and GM Components Holdings, an overall level of monthly retirement benefits, or lump sum distributions of account balances, which are competitive with the benefits provided executives retiring from or ending careers with other major U.S. industrial companies based on years of employment. Eligible active executive level employees, former executive level employees who on or after January 1, 2007 were reduced to a classified position after having obtained the age of 55 and 10 years of eligible service, and former executive level employees who, in each case, have separated from service and are otherwise eligible, shall be referred to herein as “Participants.” The Company, GMIMCo, GM Global Steering Holdings LLC, and GM Components Holdings are collectively referred to as “GM.” “GMIMCo” and “GMAM” are used interchangeably. The monthly retirement benefits determined under the tax-qualified General Motors Retirement Program for Salaried Employees (hereinafter referred to as the “Retirement Program”), or account balances determined under the tax-qualified Retirement Savings Plan (hereinafter referred to as the “RSP” and formerly known as the Savings-Stock Purchase Program S-SPP), plus any benefits payable under certain other GM-provided benefit programs, may be supplemented by benefits provided under the formulas of the Plan. It is intended that the Plan, in relevant part, qualify as an “excess benefit plan” under Section 3(36) of ERISA and, in relevant

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part, as a plan “providing deferred compensation for a select group of management or highly compensated employees” under Section 201(2) of ERISA.

**Article I, Section I.**

The Plan also provides benefits, but only to the extent required, pursuant to (1) the Amended and Restated Master Sale and Purchase Agreement, dated as of June 26, 2009 (as amended, the “Purchase Agreement”), and (2) the Order (I) Authorizing Sale of Assets Pursuant to Amended and Restated Master Purchase Agreement with NGMCO, Inc., a U.S. Treasury-Sponsored Purchaser; (II) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale; and (III) Granting Related Relief, entered on July 5, 2009 (D.I. 2968) (the “Sale Order”), to certain individuals who were never Company employees but who retired from General Motors Corporation (hereinafter referred to as the “Corporation”), General Motors Acceptance Corporation (GMAC) and Promark, formerly known as General Motors Asset Management (GMAM) (hereinafter referred to collectively as the “Corporation and its Related Companies”).

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**Article I, Section II. Administration of the Plan**

- (a) The Plan shall at all times be maintained, considered, and administered as a non-qualified plan that is wholly separate and distinct from the Retirement Program and the RSP.
  - (b) Benefits under the Plan are not guaranteed.
  - (c) The Company is the Plan Administrator. The Plan Administrator has discretionary authority to construe, interpret, apply, and administer the Plan and serves as the first step of the Plan appeal process. Any and all decisions of the Plan Administrator as to interpretation or application of the Plan shall be given full force and effect unless it is proven that the interpretation or determination was arbitrary and capricious.
  - (d) The Plan Administrator shall have the full power to engage and employ such legal, actuarial, auditing, tax, and other such agents, as it shall, in its sole discretion, deem to be in the best interest of the Company, the Plan, and its Participants and beneficiaries.
  - (e) The expenses of administering the Plan are borne by the Company and are not charged against its Participants and beneficiaries.
  - (f) Various aspects of Plan administration have been delegated to the Plan recordkeeper selected by the Plan Administrator. In carrying out its delegated responsibilities, the Plan recordkeeper shall have discretionary authority to construe, interpret, apply, and administer the Plan provisions. The discretionary authority delegated to the Plan recordkeeper shall, however, be limited to the Plan terms relevant to its delegated responsibilities and shall not permit the Plan recordkeeper to render a determination or to make any representation concerning benefits which are not provided by the express terms of the Plan. The Plan recordkeeper's actions shall be given full force and effect unless determined by the Plan Administrator to be contrary to the Plan provisions or arbitrary and capricious.
  - (g) For purposes of the Plan, a Plan Year shall mean the 12-month period beginning January 1 and ending December 31.
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**Article I, Section III. Effective Date**

The Corporation established the Supplemental Executive Retirement Program (“SERP”) under Article II of the Plan effective December 1, 1985. The Plan had been amended from time to time prior to the Company becoming the sponsor of it. Effective January 1, 2007, the name of the Plan was changed from the SERP to the “Executive Retirement Plan (ERP)”. The terms and conditions of the ERP are set forth in Article II. ERP benefits for service through December 31, 2006 were frozen as described in Article II, Section II and Section III and new benefit formulas for service on and after January 1, 2007 were adopted, as described in Article II, Section IV and Section V.

Benefits payable under Article II, Sections II, III, and IV (Regular Formula SERP, Alternative Formula SERP, and 1.25% Career Average Pay Benefits, respectively) shall hereinafter be referred to as the “DB ERP” portion of the Plan. With respect to DB ERP, benefits are not based on notional contributions to, or related gains or losses in, any notional individual investment account or fund identified in Article III, Section II.

Effective January 1, 2007, the Benefit Equalization Plan (BEP) was merged into the Plan, the terms and conditions of which are set forth in Article III. Benefits payable under the individual account portion of the Plan under Article II, Section V, Article III, and Article IV (Defined Contribution Benefits, Excess Benefits, and Discretionary Awards, respectively) shall hereinafter be referred to as the “DC ERP” portion of the Plan.

The Company became the sponsor of the Plan, subject to the conditions and releases identified in the Purchase Agreement and Sale Order.

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#### **Article I, Section IV. Individuals Not Eligible; Suspensions; and Normal Retirement Age**

(a)The following classes of individuals are ineligible to participate in the Plan regardless of any other Plan terms to the contrary, and regardless of whether the individual is or was a common-law employee of GM or the Corporation and its Related Companies:

- (1) Any individual who provides services to GM or the Corporation and its Related Companies where there is an agreement with a separate company under which the services are provided. Such individuals are commonly referred to by the Company as “contract employees” or “bundled-services employees;”
- (2) Any individual who has signed an independent contractor agreement, consulting agreement, or other similar personal services contract with GM or the Corporation and its Related Companies, and;
- (3) Any individual that the Company, in good faith, classifies as an independent contractor, consultant, contract employee, or bundled-services employee during the period the individual is so classified by the Company.

***The purpose of Section IV (a) is to exclude from participation in the Plan all persons who actually may be common-law employees of GM or the Corporation and its Related Companies, but are not paid as though they are employees of such company regardless of the reason they are excluded from the payroll, and regardless of whether the exclusion is correct.***

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**Article I, Section IV. (b)**

- (b) Notwithstanding the provisions of this Section IV, vested benefits will be suspended or forfeited if an executive employee, retired executive employee, or retired eligible employee, if any, does not satisfy the conditions precedent that such employee: (i) refrain from engaging in any activity which, in the opinion of the Chief Executive Officer or Vice President, Global Human Resources, is in any manner inimical or in any way contrary to the best interests of the Company, (ii) will not, for a period of 12 months following any termination of employment, directly or indirectly, knowingly induce any employee or employee of an affiliate of the Company to leave their employment for participation, directly or indirectly, with any existing or future business venture associated with such individual, and (iii) furnish to the Company such information with respect to the satisfaction of the foregoing conditions precedent as the Committee shall reasonably request.
  - (c) Normal Retirement Age (NRA) is 65.
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## **Article II. Executive Retirement Plan**

### **Article II, Section I. Eligibility and Vesting**

- (a) A Participant shall be eligible for vested benefits under the Plan on the first date the Participant satisfies the requirements set forth in Section I (b), (c), (d), and (e) respectively.
  - (b) To be eligible for a vested benefit under Section II or III of this Article, payable upon separation from service, an executive employee must meet the following requirements:
    - (1) Be a Regular Active or Flexible Service U.S. executive employee of the Company or GMIMCo or U.S. International Service Personnel executive employee as of December 31, 2006 (appointments on or after January 1, 2007 are ineligible for benefits under Section II or III) or be a Regular Active or Flexible Service U.S. executive employee of GMAC or U.S. International Service Personnel executive employee of GMAC as of November 30, 2006 (appointments on or after December 1, 2006 are ineligible for benefits under Section II or III); and
    - (2) Be a Regular Active or Flexible Service U.S. executive employee of GM or the Corporation and its Related Companies or U.S. International Service Personnel executive employee; and
    - (3) Have at least 10 years of combined Part B Retirement Program credited service, Part C Retirement Program credited service and credited service accrued on and after January 1, 2007 as determined under the Retirement Program; and
    - (4) Be at least 55 years old.
  - (c) To be eligible for a vested benefit under Section IV of this Article, payable upon separation from service, an employee must meet the following requirements:
    - (1) Be a Regular Active or Flexible Service U.S. executive employee of GM or the Corporation or U.S. International Service Personnel executive employee on or after January 1, 2007 with a length of service date prior to January 1, 2001; and
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**Article II, Section I. (c) (2)**

- (2) Be a Regular Active or Flexible Service U.S. executive employee of GM or the Corporation or U.S. International Service Personnel executive employee; and
  - (3) Have at least 10 years of combined Part B Retirement Program credited service and credited service accrued on and after January 1, 2007 as determined under the Retirement Program. In cases of GM executives who are transferred from a foreign subsidiary on and after January 1, 2007, active service prior to the date of transfer as recognized under the Retirement Program is counted under the Plan for eligibility and vesting, but not for benefit accrual; and
  - (4) Be at least 55 years old.
- (d) To be eligible for a vested benefit under Section V of this Article, for benefits earned on and after January 1, 2007 through September 30, 2012, payable upon separation from service, an employee must meet the following requirements:
- (1) Be a Regular Active or Flexible Service U.S. executive employee of GM or the Corporation or U.S. International Service Personnel executive employee on or after January 1, 2007 with a length of service date on or after January 1, 2001; and
  - (2) Be a Regular Active or Flexible Service U.S. executive employee of GM or the Corporation or U.S. International Service Personnel executive employee; and
  - (3) Have at least 10 years of combined Part C Retirement Program credited service and credited service accrued on and after January 1, 2007 as determined under the RSP. In cases of GM executives who are transferred from a foreign subsidiary on and after January 1, 2007, active service prior to the date of transfer as recognized under the Retirement Program is counted under the Plan for eligibility and vesting, but not for benefit accrual; and
  - (4) Be at least 55 years old.
-

**Article II, Section I. (e)**

- (e) To be eligible for a vested benefit under Section V of this Article for benefits earned on and after October 1, 2012, payable upon separation from service, an employee must meet the following requirements:
    - (1) Be a Regular Active, Flexible Service, or International Service Personnel U.S. executive employee of GM or be a U.S. classified 9<sup>th</sup> level salaried employee of GM; and
    - (2) Have at least 3 years of credited service earned under the RSP.
  - (f) Eligible executives will be vested in any frozen SERP and/or ERP benefits under this Article II upon their attainment of age 55 with a minimum of 10 years' credited service where credited service is defined as:
    - (1) A combination of Part B credited service (as defined in the Retirement Program) plus credited service in the Retirement Program on and after January 1, 2007, or a combination of Part C credited service (as defined in the Retirement Program) plus RSP credited service for service on and after January 1, 2007.
  - (g) General Motors Asset Management executives who on or after August 4, 2003 are transferred to GMAM or hired or promoted into executive status may be eligible for benefits under Section II, IV or V if they meet all eligibility requirements, but are not eligible for benefits under the frozen Alternative SERP formula described in Section III.
  - (h) Nothing in this Article II, Section I (a) through (g) is intended to render "ineligible" any Participant who was qualified, eligible to participate, and receiving benefits under the Plan as of July 10, 2009. Nothing in this Article II, Section 1 is intended to render "eligible" any Participant who was not qualified or eligible to participate in the Plan as of July 10, 2009.
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**Article II, Section I. (i)**

- (i) Notwithstanding the above, to be eligible for a benefit under Section II or III of this Article (without regard to the benefit formulas of the Delphi plan), payable upon separation from service, an executive employee of GM Global Steering Holdings LLC or GM Components Holdings must:
- (1) Be a Regular Active or Flexible Service U.S. executive employee of GM or U.S. International Service Personnel executive employee of GM as of October 7, 2009; and
  - (2) Be a Regular Active or Flexible Service U.S. executive employee of Delphi or GM (including their wholly owned subsidiaries), or U.S. International Service Personnel executive employee of Delphi or GM; and
  - (3) Be employed by Delphi as of October 6, 2009 and been eligible to retain a frozen Delphi SERP benefit had the executive remained at Delphi; and
  - (4) Be a U.S. executive employee of Delphi as of December 31, 2006; and
  - (5) Be vested at age 55 or older with at least 10 years of service (including Delphi service) at the time service ends. In case of the sale of an operation, service shall end on the closing date of the sale of the operation at which an executive works. In the case of the sale of an operation, eligibility is determined on the date of the sale. Age, service, and accruals end on the closing date of the sale.
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**Article II, Section II. DB ERP -**

**Calculation of Regular Formula SERP Benefits for Credited Service  
Accrued Prior to January 1, 2007**

- (a) Regular Formula SERP benefits determined under this Section II as in effect prior to January 1, 2007, shall be frozen as of December 31, 2006. The amount of the frozen Regular Formula SERP benefits shall be calculated using the following factors:
- (1) Part B or Part C Retirement Program credited service accrued as of December 31, 2006.
  - (2) Average monthly base salary for the highest 60 of the 120 months immediately preceding January 1, 2007, as described in Article II, Section II (f).
  - (3) The sum of all frozen accrued monthly benefits determined under the Retirement Program as of December 31, 2006, prior to reduction for the cost of any survivor coverage.
  - (4) Two percent (2%) of the maximum monthly Primary Social Security benefit payable in 2007 (regardless of actual receipt) multiplied by the executive's years of Part A or Part C credited service, determined as of December 31, 2006, under the Retirement Program.
- (b) Regular Formula SERP benefits under this Article II, Section II shall be determined for all executive employees on the active rolls as of December 31, 2006. Those appointed to executive positions on or after January 1, 2007 are ineligible for SERP benefits under this Section.
- (c) Executives must meet the eligibility and vesting requirements as set forth in Article II, Section I to be eligible for SERP benefits under this Article II, Section II.
-

**Article II, Section II. (d)**

- (d) The frozen monthly benefit determined under this Article II, Section II shall be an amount equal to two percent (2%) of average monthly base salary for the highest 60 of the 120 months immediately preceding January 1, 2007 (as described in Article II, Section II (f) below), multiplied by the years of credited service, determined as of December 31, 2006, used to determine the frozen Part B Supplementary benefit or the frozen benefit under the Account Balance Plan feature under Part C under the Retirement Program (hereinafter referred to as the "ABP"), less the sum of (1) all frozen accrued monthly benefits determined under the Retirement Program, prior to reduction for the cost of any survivor coverage, and BEP (if any), including the annuitized value of the frozen accrued ABP benefit (as described in Article II, Section II (g) below), (2) two percent (2%) of the monthly maximum Primary Social Security benefit payable in 2007 (regardless of actual receipt) multiplied by the executive's years of Part A or Part C credited service, determined as of December 31, 2006, under the Retirement Program, and (3) any benefits payable under certain other GM-provided benefit programs, such as Extended Disability Benefits.
  - (e) The "Special Benefit" provided under the GM Health Care Program is not taken into account in determining the amount of any monthly SERP benefit payable under this Article II, Section II.
  - (f) For purposes of this Article II, Section II, average monthly base salary means the monthly average of base salary for the highest 60 of the 120 months immediately preceding January 1, 2007. For executives with less than 60 months of base salary history prior to January 1, 2007, the executive's starting monthly base salary will be imputed for the number of months less than 60.
  - (g) For purposes of determining the SERP benefits under this Article II, Section II for executives with a length of service date on and after January 1, 2001 who participate in the ABP, the frozen ABP amount accrued as of December 31, 2006 shall be converted to an annuity for the purpose of offsetting this amount from the target SERP using the following methodology:
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**Article II, Section II. (g) (1)**

- (1) First, credit the December 31, 2006 ABP account balance with interest credits until Normal Retirement Age (age 65) using the ABP crediting rate in effect as of December 31, 2006 to calculate a projected lump sum value at NRA.
  - (2) Second, convert the amount determined under (1) above to an annuity using the Retirement Program mortality table and the same ABP crediting rate used in Article II, Section II (g) (1) above as the discount rate.
    - a) Both the mortality table and the crediting rate will be those that were in effect under the Retirement Program as of December 31, 2006.
  - (3) Third, offset target frozen SERP with the annuitized amount determined under (2) above.
- (h) For purposes of calculating the SERP benefits under this Article II, Section II, the SERP benefit amounts will not be increased due to any election regarding commencement of Retirement Program benefits on a reduced for early receipt basis.
- (i) The monthly Social Security offset amount used in paragraph (d) of this Section shall be based upon the maximum 2007 monthly Primary Social Security benefit, regardless of the executive's age as of January 1, 2007 or availability to him/her of a U. S. Social Security benefit. This Social Security offset amount shall not be changed for any subsequent Social Security increase.
- (j) Any post-retirement increase under the Retirement Program does not reduce any monthly benefit payable under the Plan. For purposes of this subsection, adjustments to the IRC Section 415 limits are not considered post-retirement increases.
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**Article II, Section III. DB ERP -**

**Calculation of Alternative Formula SERP Benefits for Credited Service Accrued Prior to January 1, 2007**

- (a) Alternative Formula SERP benefits determined under this Article II, Section III as in effect prior to January 1, 2007, shall be frozen as of December 31, 2006. The amount of the frozen benefits shall be calculated using the following factors:
    - (1) Part B or Part C Retirement Program credited service accrued as of December 31, 2006 (maximum 35 years).
    - (2) Average total direct compensation is the total of:
      - a) Average monthly base salary for the highest 60 of the 120 months immediately preceding January 1, 2007, as described in Article II, Section III (g) below, plus
      - b) Average monthly incentive compensation determined by dividing the total of the highest five of the ten years of annual incentive awards received for the period 1997 through 2006, as described in Article II, Section III (h) below, by 60.
    - (3) The sum of all frozen accrued monthly benefits determined under the Retirement Program as of December 31, 2006, prior to reduction for the cost of any survivor coverage.
    - (4) One hundred percent (100%) of the maximum monthly Primary Social Security benefit payable in 2007 (regardless of actual receipt).
  - (b) Alternative Formula SERP benefits under this Article II, Section III shall be determined for all executive employees on the active rolls as of December 31, 2006. Those appointed to executive positions on or after January 1, 2007 are ineligible for frozen Alternative Formula SERP benefits.
  - (c) Executives must meet the eligibility and vesting requirements as set forth in Article II, Section I to be eligible for SERP benefits under this Article II, Section III.
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**Article II, Section III. (d)**

- (d) The frozen monthly benefit determined under this Article II, Section III for an eligible retiring executive shall be the greater of the monthly benefit, if any, determined under either (1) the formula set forth in this Article II Section III or (2) the formula described in Article II, Section II.
  - (e) The frozen monthly benefit determined under this Article II, Section III will equal 1.5% of average total direct compensation (monthly base salary plus average monthly annual incentive compensation, as defined in Article II, Section III (g) and Article II, Section III (h) below), multiplied by the executive's years of credited service (35-year maximum), determined as of December 31, 2006, used to determine the frozen Part B Supplementary benefits or the frozen ABP benefits, less the sum of (1) all frozen accrued monthly benefits determined under the Retirement Program, prior to reduction for the cost of any survivor coverage, and BEP (if any), including the annuitized value of any frozen accrued ABP benefit, (as described in Article II, Section III (i) below), (2) 100% of the maximum monthly Primary Social Security benefit payable in 2007 (regardless of executive's age in January 2007 or availability to him/her of a U.S. Social Security benefit), and (3) any benefits payable under certain other GM -provided programs, such as Extended Disability.
  - (f) The "Special Benefit" provided under the GM Health Care Program is not taken into account in determining the amount of any monthly benefits payable under this Article II, Section III.
  - (g) For purposes of this Article II, Section III, average monthly base salary means the monthly average of base salary for the highest 60 of the 120 months immediately preceding January 1, 2007. For executives with less than 60 months of base salary history prior to January 1, 2007, the executive's starting monthly base salary will be imputed for the number of months less than 60.
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**Article II, Section III. (h)**

- (h) For purposes of this Article II, Section III, average monthly incentive compensation means an amount determined by dividing the total of the highest five of the ten years of annual incentive awards received for the period 1997 through 2006, by 60. For executives with less than five years of service as of December 31, 2006 or those appointed to executive status within the last five years, the average of annual incentive compensation awards paid for service through December 31, 2006 divided by the number of years since date of hire or date of appointment to December 31, 2006 shall be imputed for the number of years less than five. Each annual incentive award amount is the final award amount related to the performance period year for which it was awarded. For purposes of clarity, "annual incentive awards" means those payments under the Annual Incentive Plan. Moreover, neither Stock Performance Program awards, Stock Incentive Plan grants, Cash-Based Restricted Stock Unit awards nor any other form of incentive payment, are eligible for inclusion in determining a benefit under this Article II, Section III. Non-consecutive years within the 1997 through 2006 period may be used for determining the blended amount of average monthly (1) base salary, and (2) incentive compensation.
  - (i) For purposes of calculating the benefits under this Article II, Section III for executives with a length of service date on and after January 1, 2001 who participate in the ABP, the frozen ABP account balance accrued as of December 31, 2006 shall be converted to an annuity for the purpose of offsetting this amount from the frozen target Alternative Formula SERP using the following methodology:
    - (1) First, credit the December 31, 2006 ABP account balance with interest credits until Normal Retirement Age (age 65) using the ABP crediting rate in effect as of December 31, 2006 to calculate a projected lump sum value at NRA.
-

**Article II, Section III. (i) (2)**

- (2) Second, convert the amount determined under (1) above to an annuity using the Retirement Program mortality table and the same ABP crediting rate used in Article II, Section II (g) (1) as the discount rate.
    - a) Both the mortality table and the crediting rate will be those that were in effect under the Retirement Program as of December 31, 2006.
  - (3) Third, offset frozen target Alternative Formula SERP with the amount determined under (2) above.
  - (j) For purposes of calculating the SERP benefits under this Article II, Section III, the SERP benefit amounts will not be increased due to any election regarding commencement of Retirement Program benefits on a reduced for early receipt basis.
  - (k) The monthly Social Security offset amount used in paragraph (e) of this Section shall be based upon the maximum 2007 Primary Social Security benefit, regardless of the executive's age as of January 1, 2007 or availability to him/her of a U. S. Social Security benefit. This Social Security offset amount shall not be changed for any subsequent Social Security increase.
  - (l) Any post-retirement increase under the Retirement Program does not reduce any monthly frozen Alternative Formula benefit that may become payable. For purposes of this subsection, adjustments to the IRC Section 415 limits are not considered post-retirement increases.
  - (m) General Motors Asset Management executives who on or after August 4, 2003 are transferred to GMAM or hired or promoted into executive status are ineligible for benefits under this Article II, Section III.
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**Article II, Section IV. DB ERP -**

**Calculation of 1.25% Career Average Pay Benefits for Credited Service Accrued on and after January 1, 2007 through September 30, 2012 for Executives With a Length of Service date Prior to January 1, 2001**

- (a) Effective for service on and after January 1, 2007 through September 30, 2012, ERP benefits under this Article II, Section IV for GM or Corporation Regular Active or Flexible Service U.S. executives, or U.S. International Service Personnel executives, with a length of service date prior to January 1, 2001 will be calculated using a 1.25% Career Average Pay formula as set forth in this Article II, Section IV. The 1.25% Career Average Pay benefits determined under this Section IV shall be frozen as of September 30, 2012.
  - (b) To be eligible for a 1.25% Career Average Pay benefit, an executive employee must:
    - (1) Be a GM or Corporation Regular Active or Flexible Service U.S. executive, or U.S. International Service Personnel executive, on and after January 1, 2007, with a length of service date prior to January 1, 2001; and
    - (2) Be at work for GM or the Corporation on and after January 1, 2007; and
    - (3) Meet the eligibility and vesting requirements as set forth in Article II, Section I.
  - (c) Eligible executives will accrue benefits under this Article II, Section IV with respect to actual base salary received between January 1, 2007 and September 30, 2012 and either Annual Incentive Plan or Short Term Incentive Plan final awards received between January 1, 2007 and September 30, 2012 equal to 1.25% of the total of base salary plus either Annual Incentive Plan or Short Term Incentive Plan final awards received in excess of the compensation limit under IRC 401(a)(17) in effect for the Retirement Program. As benefits are specified on a career average pay basis, subsequent base salary increases will not impact the value of previously accrued benefits.
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**Article II, Section IV. (c) (1)**

- (1) Annual Incentive Plan final awards shall include only those paid with respect to performance periods commencing on and after January 1, 2007 and ending before 2010. Short Term Incentive Plan final awards shall include only those paid with respect to performance periods commencing on and after January 1, 2010 through December 31, 2011.
  - (2) Pro-rata Annual Incentive Plan or Short Term Incentive Plan final awards attributable to the year of retirement will not be used in the calculation of benefits under this Section.
  - (3) General Motors Asset Management executives who on or after August 4, 2003 are transferred to GMAM or hired or promoted into executive status are ineligible for 1.25% Career Average Pay ERP benefits calculated with respect to annual incentive compensation.
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**Article II, Section V. DC ERP -**

**Calculation of Defined Contribution Benefits for  
Service on and after January 1, 2007**

- (a) Effective for service on and after January 1, 2007 and through September 30, 2012, ERP benefits under this Article II, Section V for GM and Corporation Regular Active or Flexible Service U.S. executives, or U.S. International Service Personnel executives, with a length of service date on and after January 1, 2001 will be accumulated using a 4% defined contribution formula.
  - (b) Effective for service on and after October 1, 2012, benefits under this Article II, Section V for GM Regular Active, Flexible Service, International Service Personnel U.S. executives, and U.S. classified 9<sup>th</sup> level salaried employees, with a length of service date prior to January 1, 1993, will be accumulated using a 6% defined contribution formula, and those with a length of service date on or after January 1, 1993, will be accumulated using a 4% defined contribution formula.
  - (c) To be eligible for defined contribution benefits under this Section, an employee must:
    - (1) Be a GM or Corporation Regular Active, Flexible Service, or International Service Personnel U.S. executive or be a 9<sup>th</sup> level GM Regular Active, Flexible Service, or International Service Personnel U.S. salaried employee; and
    - (2) Be at work for GM or the Corporation on or after January 1, 2007; and
    - (3) Meet the eligibility and vesting requirements as set forth in Article II, Section I.
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**Article II, Section V. (d)**

- (d) Eligible U.S. 9<sup>th</sup> level salaried employees and U.S. executives will accrue benefits under this Article II, Section V with respect to actual base salary and Enhanced Variable Pay or either Annual Incentive Plan or Short Term Incentive Plan final awards received while an executive for service on and after January 1, 2007 equal to 4% or 6%, as provided for in Article II Section V (a) and (b), of the total of base salary plus Enhanced Variable Pay or either Annual Incentive Plan or Short Term Incentive Plan final awards received in excess of the annual compensation limit under IRC 401(a)(17) in effect for the RSP. Once the total of base salary and Enhanced Variable Pay or either eligible Annual Incentive Plan or Short Term Incentive Plan final awards received in any Plan Year exceed the compensation limit under IRC 401(a)(17) in effect for the RSP for that year, notional contributions shall be allocated each pay period into an unfunded defined contribution account maintained for each eligible employee on a book reserve basis.
- (1) Annual Incentive Plan final awards shall include only those paid with respect to performance periods commencing on and after January 1, 2007 and ending before 2010. Short Term Incentive Plan final awards shall include only those paid with respect to performance periods commencing on and after January 1, 2010.
  - (2) Pro-rata Annual Incentive Plan or Short Term Incentive Plan final awards attributable to the year of retirement will not be used in the calculation of benefits under this Section.
  - (3) General Motors Asset Management executives who on or after August 4, 2003 are transferred to GMAM or hired or promoted into executive status are ineligible for the 4% benefits calculated with respect to annual incentive compensation.
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**Article II, Section V. (e)**

- (e) The individual amounts for each eligible Participant shall be allocated each pay period to an unfunded defined contribution account that will be credited with earnings based on investment options as selected by the Participant. Effective July 15, 2011, the investment options shall be the same as provided under the RSP.

Also effective July 15, 2011, until such time a Participant makes an affirmative investment option election, the Participant's account will be credited with notional earnings based on the Pyramis Active Lifecycle commingled pools (previously, the Pyramis Strategic Balanced Commingled Pool). Specifically, Participants who do not have an investment election on file will have future notional contributions defaulted to one of twelve (12) Pyramis Active Lifecycle pools with a target retirement date (specified in the pool's name) closest to the year that a Participant will attain the age of 65. In the event any of the funds are discontinued, absent an election by the Participant (if any), the notional amounts in such funds and future contributions that were designated for such funds will be transferred to the fund that such option is mapped to by the RSP as determined by the Administrator.

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**Article II, Section VI. Payment of Benefits**

- (a) Payment of benefits accrued prior to October 1, 2012 pursuant to Article II, Section II, III, IV or V of the Plan, are payable in accordance with the provisions of Article II, Section VI (c) below effective the first day of the month following the employee's separation from service. Payment of benefits accrued on or after October 1, 2012, pursuant to Article II, Section V of the Plan, are payable in accordance with the provisions of Article II, Section VI (d) below following the employee's separation from service.
- (1) In the event of disability, as defined under IRC Section 409A, payment of benefits will commence from the first day of the month following twelve months of a Company approved disability leave of absence.
  - (2) Payment of benefits will commence not later than 90 days following separation from service or termination of disability leave of absence.
  - (3) In the case where a separate legal entity (e.g. a wholly owned subsidiary) is sold and an eligible employee remains employed with the entity, payment of vested Plan benefits shall begin only when such employee terminates employment from the sold entity.
  - (4) In the case where an eligible employee works for an operation that is not a separate legal entity (e.g., a plant), and such operation is sold and the employee remains employed at such operation, payment of vested Plan benefits shall begin following the date of sale.
- (b) Prior to an eligible employee's separation from service, at the discretion of the Plan Administrator, benefits accrued pursuant to Article II, Section II, III, IV or V of the Plan may be reduced, in an amount up to \$5,000 per year, as repayment of amounts that such eligible employee owes GM or any subsidiary, for any reason, including but not limited to benefit overpayments, wage overpayments, and amounts due under all incentive compensation plans. Following an eligible employee's separation from service, there shall be no limitation to the amount benefits may be reduced. The eligible employee will be relieved of liability in the amount of the reduction.
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**Article II, Section VI. (c)**

- (c) Prior to payment, all vested Plan benefits accrued prior to October 1, 2012, including any SERP, 1.25% Career Average Pay benefits, and Defined Contribution benefits, if applicable, will be converted to a five year monthly annuity form of payment.
- (1) For retirements or death in service at or after age 60, the monthly value of benefits under the Plan shall be unreduced for early age receipt.
  - (2) For retirements commencing at age 55 to age 59 and 11 months, or death in service at or after age 55 and prior to age 60, the monthly value of any Plan benefits determined under Article II, Section IV, and any frozen SERP benefits determined under Article II, Section II or III for executives with a length of service date prior to January 1, 2001, shall be reduced for early age receipt prior to conversion to a five year monthly annuity form of payment. The defined contribution individual account plan benefits under Article II, Section V (a) will be converted to a five year monthly annuity form of payment without applying an early age reduction.
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**Article II, Section VI. (c) (3)**

- (3) In the event of disability as defined in Article II, Section VI (a) (1) above, the monthly value of benefits under Article II of the Plan shall be unreduced for early age receipt and converted to a five year monthly annuity using the following methodology:
- a) First, offset the lifetime monthly annuity value of benefits under this Article II by the amount of any Extended Disability Benefits (EDB) payable to age 65 to determine the amount of monthly ERP and frozen SERP payable to age 65, if any.
    - For this purpose, the conversion of any Article II, Section V ERP to a lifetime monthly annuity will use the discount rate specified in Article II, Section VI (c) (5) below in effect at the date of total and permanent disability retirement.
  - b) Second, convert the monthly value of benefits determined in Article II, Section VI (c) (3) a) above to a five year monthly annuity using age at effective date of total and permanent disability retirement.
  - c) Third, convert the lifetime monthly annuity value of benefits under this Article II payable from age 65 to a five year annuity using age 65 as the effective date of payment.
  - d) Fourth, add the five year annuity values calculated in Article II, Section VI (c) (3) (b) plus Article II, Section VI (c) (3) (c) above to determine the total amount of the five year annuity payment.
- (4) Early receipt reduction factors will be identical to those used under the terms of the Retirement Program.
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**Article II, Section VI. (c) (5)**

- (5) The conversion of the monthly value of any benefits determined under Article II, Section II, III and IV (after applying any reduction for early age receipt) to a five year annuity form of payment, shall be made using the July average of the 30-year U.S. Treasury Securities rate and the same mortality tables applicable under the Retirement Program at date of separation from service. The discount rate will be redetermined each year as the average of the 30-year U.S. Treasury Securities rate for the month of July and be effective for retirements commencing October 1 following each redetermination through September 30 of the succeeding year. The defined contribution benefits under Article II, Section V (a), will not use a mortality table for the conversion to a five year annuity form of payment.
  - (6) Should the executive die during the five year annuity payment period, the remaining five year annuity payments will be converted to a one-time lump sum and paid to a beneficiary named at date of retirement. If the executive is married at date of retirement spousal consent will be required to name a beneficiary other than the spouse. If the primary beneficiary has predeceased the executive, any contingent beneficiaries designated for the executive's Basic Group Life Insurance (as referred to herein, "Basic Group Life Insurance" includes any successor life insurance plan, including Group Variable Universal Life) will receive the lump sum payment. If more than one person is named as the eligible beneficiary for the executive's Basic Group Life Insurance at date of death, the lump sum will be paid at the percentages designated for their respective interests as eligible beneficiaries of the executive's Basic Group Life Insurance. If their respective interests are not specified, their interests shall be several and equal. If a non-living entity such as a trust is named as beneficiary, or the executive should have no living beneficiary, any remaining five year annuity payments will be converted to a one-time lump sum for final payment.
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**Article II, Section VI. (c) (7)**

- (7) Should an executive who is vested pursuant to the provisions of Article II, Section I die during active service with GM, any five year annuity benefits payable under Article II, Section VI (c) (1) and Article II, Section VI (c) (2) will be converted to a one-time lump sum and paid to the executive's surviving spouse. If the executive is not married at date of death, the person designated as primary beneficiary for the executive's Basic Life Insurance will receive the lump sum payment. If the primary beneficiary has predeceased the executive any contingent beneficiaries designated for the executive's Basic Group Life Insurance will receive the lump sum payment. If more than one person is named as the eligible beneficiary for the executive's Basic Group Life Insurance at date of death, the lump sum will be paid at the percentages designated for their respective interests as eligible beneficiaries of the executive's Basic Group Life Insurance. If their respective interests are not specified, their interests shall be several and equal. If a non-living entity such as a trust is named as beneficiary, or the executive should have no living beneficiary, the five year annuity payments will be converted to a lump sum for final payment.
  - (8) The obligation to provide benefits under this Article II shall cease at the end of the five year annuity period or upon payment of a present value lump sum to multiple named beneficiaries, a trust or to the executive's estate as described in Article II, Section VI (c) (6) and Article II, Section VI (c) (7) above.
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**Article II, Section VI. (c) (9)**

- (9) The Plan benefits under this Article II for active executives who were age 62 and above as of December 31, 2004 with a minimum of 10 years Part B or Part C credited service under the Retirement Program are grandfathered for benefit amounts accrued and vested through December 31, 2004, in accordance with IRC Section 409A, under the terms of the Plan in effect prior to January 1, 2007. Benefit amounts accrued and vested after December 31, 2004 for such grandfathered executives are payable only as a lifetime monthly annuity. Such grandfathered executives are not eligible for the five year annuity form of payment.
  - (d) All Plan benefits accrued on or after October 1, 2012, pursuant to Article II Section V of the Plan, will be paid in a single lump sum at a time determined by the Plan Administrator within 90 days following the employee's separation from service, death, or disability (to the extent required under IRC 409A).
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**Article III. DC ERP - Excess Benefits**  
**(Formerly Known as the Benefit Equalization Plan (BEP))**

**Article III, Section I. Eligibility and Vesting**

- (a) Eligibility to participate in this Article III shall be limited solely to those Regular Active, Flexible Service, or International Service Personnel U.S. executive level employees or such separated U.S. executive level employees and, effective October 1, 2012, those active U.S. classified 9<sup>th</sup> level employees or separated U.S. classified 9<sup>th</sup> level employees, or the designated beneficiaries of such employees, whose aggregate contributions and benefits under the RSP are in excess of the maximum limitations on compensation, contributions and benefits imposed by Sections 401(a)(17) and/or 415 of the Code.
  - (b) For purposes of this Article III, the terms "designated beneficiary" or "designated beneficiaries" shall include surviving spouses and contingent beneficiaries.
  - (c) Eligible executives are immediately vested in any benefits accrued under Article III, Section II (a) prior to January 1, 2007.
  - (d) Eligible executives become vested in any benefits accrued on and after January 1, 2007 through September 30, 2012 under Article III Section II (a) upon their attainment of age 55 with a minimum of 10 years' credited service. For this purpose, credited service is as defined in the RSP.
  - (e) Eligible classified 9<sup>th</sup> level employees and executive level employees become vested in any benefits accrued on and after October 1, 2012, under Article III Section II (a) upon their attainment of three years of credited service as defined in the RSP.
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**Article III, Section II. Amount of Benefits**

- (a) An executive or classified 9<sup>th</sup> level employee who is eligible to participate in this Article III, or the designated beneficiary of such a deceased executive or 9<sup>th</sup> level employee who was eligible to participate in this Article III, shall be eligible to receive the value of the assets that would have been purchased with, if any, GM RSP matching contribution amounts, plus related earnings on such assets, set forth in Article III, Section II (b) below, but for the maximum benefit limitations imposed under Section 415(c) of the Code and the maximum compensation limits imposed under Section 401(a)(17) of the Code. The portion of the Plan that provides benefits in the event the maximum compensation limits under Section 401(a)(17) of the Code apply is an unfunded plan for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The value of assets described in this Article III, Section II (a) shall be separately accounted for each employee or designated beneficiary.
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**Article III, Section II. (b)**

(b) The individual notional amounts for each eligible Participant shall be allocated each pay period to an unfunded defined contribution account that will be credited with earnings based on investment options as selected by the Participant. Effective July 15, 2011, the investment options shall be the same as provided under the RSP.

Also effective July 15, 2011, until such time a Participant makes an affirmative investment option election, the Participant's account will be credited with notional earnings based on the Pyramis Active Lifecycle commingled pools (previously, the Pyramis Strategic Balanced Commingled Pool). Specifically, Participants who do not have an investment election on file will have future notional contributions defaulted to one of twelve (12) Pyramis Active Lifecycle pools with a target retirement date (specified in the pool's name) closest to the year that a Participant will attain the age of 65. In the event any of the funds are discontinued, absent an election by the Participant (if any), the notional amounts in such funds and future contributions that were designated for such funds will be transferred to the fund that such option is mapped to by the RSP as determined by the Administrator.

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### **Article III, Section III. Payment of Benefits**

- (a) For account balance notional amounts accrued and vested on or before December 31, 2004, the amount determined pursuant to Article III, Section II (a) for separations prior to January 1, 2007, shall be payable to the Participant in a lump-sum amount on the earlier of the Participant's request or as soon as practicable following such Participant's total distribution of their RSP account. Such distributions will be based on the market value on the Business Day on which the request is received or the day in which the Participant's RSP account is totally distributed, as confirmed by the GM Benefits & Services Center provided that the request is received or the RSP account is totally distributed before the close of business of the New York Stock Exchange (NYSE), normally 4:00 p.m. (EST). A withdrawal request received and confirmed by the GM Benefits & Services Center after the close of business of the NYSE, or on a weekend or holiday observed by the NYSE, will be based on the market value on the next Business Day.
  - (b) For separations on and after January 1, 2007, payment of vested plan benefits accrued through September 30, 2012, in the amount determined pursuant to Article III, Section II (a) will be converted to a five year monthly annuity form of payment.
    - (1) Conversion of the account value at date of separation to a five year annuity will use the same discount rate applicable under Article II, Section VI (c) (5) at date of separation from service.
    - (2) If the separated executive is eligible for payment of ERP benefits under Article II, payable as a five year annuity, payment of benefits as a five year annuity under this Article III will be combined with and paid coincident with ERP payments under Article II.
  - (c) Payment of vested plan benefits accrued on or after October 1, 2012, in the amount determined pursuant to Article III, Section II (a) will be paid in a single lump sum at a time determined by the Plan Administrator within 90 days following the employee's separation from service, death, or disability (to the extent required under IRC 409A).
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**Article III, Section III. (d)**

- (d) Prior to an eligible Participant's separation from service, at the discretion of the Plan Administrator, the account balance notional amounts accrued under Article III, Section III (a), (b), and (c) above may be reduced in an amount up to \$5,000 per year as repayment of amounts that a Participant owes GM or any subsidiary, for any reason, including benefit overpayments, wage overpayments, and amounts due under all incentive compensation plans. Following an eligible Participant's separation from service, there shall be no limitation to the amount benefits may be reduced. The Participant will be relieved of liability in the amount of the reduction.
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#### **Article IV. DC ERP - Discretionary Awards**

- (a) The Company, by and through the Executive Compensation Committee of the General Motors Company Board of Directors or its delegate, may, from time-to-time in its sole discretion, grant individual awards to selected executives under the Plan.
    - (1) The terms of an award granted under this Article IV shall be set forth in the award agreement delivered to such executive or group of executives.
    - (2) Conditions related to the award must comply with IRC 409A.
  - (b) Amounts of awards granted under this Article IV shall be separately accounted for in an unfunded individual defined contribution account for the benefit of each Participant.
  - (c) Upon separation from service, if the Participant is otherwise eligible for ERP (other than the ten year service requirement), the account balance amount of any vested discretionary awards granted through September 30, 2012 will be converted to a five-year monthly annuity form of payment. The account balance amount of any vested discretionary awards granted on or after October 1, 2012 will be paid in a single lump sum at a time determined by the Plan Administrator within 90 days following the employee's separation from service, death or disability (to the extent required by IRC 409A).
    - (1) Conversion of the account balance amount of the vested award at date of separation to a five year annuity will use the same discount rate applicable under Article II, Section VI (c) (5) at date of separation from service.
    - (2) If the separated Participant is eligible for payment of any ERP benefits under Article II or Article III, payable as a five year annuity, payment of any vested Discretionary Award as a five-year annuity will be combined with and paid coincident with ERP payments under Article II or Article III.
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**Article IV. (c) (3)**

- (3) Prior to an eligible Participant's separation from service, at the discretion of the Plan Administrator, the payment of any award under Article IV may be reduced in an amount up to \$5,000 per year as repayment of amounts that a Participant owes GM or any subsidiary, for any reason, including benefit overpayments, wage overpayments, and amounts due under all incentive compensation plans. Following an eligible Participant's separation from service, there shall be no limitation to the amount any award under Article IV may be reduced. The Participant will be relieved of liability in the amount of the reduction.
  - (4) Any unvested Award shall be forfeited upon separation from service.
  - (5) Should the Participant die during the five year annuity payment period, the remaining five year annuity payments will be converted to a one-time lump sum and paid to the Participant's designated beneficiary. If the Participant is married at date of separation from service, spousal consent will be required to name a beneficiary other than the spouse. If an entity (such as a trust or charitable organization) is named as beneficiary, or the Participant should have no living beneficiary, any remaining five year annuity payments will be converted to a one-time lump sum for final payment to such entity or to the Participant's estate.
  - (6) Should a Participant who is vested pursuant to Article IV (c) die during active service with GM, any benefits payable under this Article IV will be paid in a single lump sum to the Participant's surviving spouse or other designated beneficiary. If an entity (such as a trust or charitable organization) is named as beneficiary, or the Participant should have no living beneficiary, the benefits will be paid in a single lump sum to such entity or to the Participant's estate.
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**Article V. Other Matters**

**Article V, Section I. Amendment, Modification, Suspension, or Termination by Company**

- (a) The Company reserves the right, by and through the Executive Compensation Committee of the General Motors Company Board of Directors or its delegate, to amend, modify, suspend, or terminate the Plan in whole or in part, at any time. No oral statements can change the terms of the Plan. The Plan can only be amended, in writing, by the Board of Directors, the Executive Compensation Committee, or an appropriate individual or committee as designated by the Board of Directors or Executive Compensation Committee. The Company shall not terminate the Plan if such termination would result in tax and penalties under Section 409A of the Code, unless the Company acknowledges in writing that one of the results of a termination will be tax and penalties under the Code. Absent an express delegation of authority from the Board of Directors or the Executive Compensation Committee, no one has the authority to commit the Company to any benefit or benefits provision not provided for under the Plan or to change the eligibility criteria or other provisions of the Plan.
  - (b) The Company may, from time-to-time and in its sole discretion, adopt limited early retirement provisions to provide retirements (i) during a specified period of time, (ii) at a specified level of benefits, and (iii) for identified executive employees. Any such early retirement provisions relating to the Plan that may be adopted by the Company are made a part of the Plan as though set out fully herein.
  - (c) The Company may, from time-to-time and in its sole discretion, adjust the amount of an executive's credited service used to determine the benefits under the Plan, or the amount of benefits payable to an executive under the Plan.
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**Article V, Section II. Special Rules**

- (a) Notwithstanding any provision of the Plan, no elections, modifications or distributions will be allowed or implemented if they would cause an otherwise eligible Participant to be subject to tax (including interest and penalties) under Section 409A of the Code, unless the Committee specifies in writing that such elections, modifications or distributions shall be made notwithstanding the impact of such tax (e.g. court order, adverse business conditions).
  - (b) Specified employees, as defined by IRC 409A, will have a six month waiting period (or, if earlier, the date of death) before commencement of payment of any Plan benefits payable on account of a separation from service. During the six month waiting period, all amounts payable under the Plan will accumulate without interest and be paid effective with the seventh monthly payment.
  - (c) If at the time of separation from service the present value of all benefits under the Plan is less than the dollar limit under Section 402(g) of the Code as adjusted by the Secretary of the Treasury (\$17,000 in 2012) such amount shall be paid in a lump sum within 90 days of such separation.
  - (d) Notwithstanding the provisions of the Plan to the contrary, under the provisions of Treasury Regulation Section 1.409A-3(j) benefits may be paid prior to the applicable payment date in the following events:
    - (1) Pursuant to the terms of a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code;
    - (2) To comply with an ethics agreement with the federal government, or to avoid a violation any domestic or foreign ethics law or conflicts law;
    - (3) To satisfy any Federal Insurance Contributions Act (FICA) tax obligations;
    - (4) To pay the Participant an amount required to be included in income due to a failure of the Plan to comply with Section 409A of the Code;
    - (5) Upon termination of the Plan;
    - (6) To pay state, local or foreign taxes arising from participation in the Plan; and
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**Article V, Section II. (d) (7)**

- (7) To settle a bona fide dispute as to a Participant's right to a Plan distribution.
  - (e) Effective May 1, 2009 monthly benefits payable under Article II, Section VI shall be reduced by 10% on a temporary basis;
    - (1) For Participants receiving lifetime monthly annuity benefits, including those retired prior to January 1, 2007 and grandfathered executives referred to in Article II Section VI (c) (9), the 10% reduction shall be applied to the amount of monthly benefits in pay status as of April 2009.
    - (2) For Participants receiving five year monthly annuity benefits under this subsection (e), 10% of the life annuity value prior to its conversion to a five year annuity will be subtracted from the five year annuity that would otherwise be payable.
  - (f) Effective June 1, 2009 the amount of monthly benefits payable is limited to \$8,000, on a temporary basis.
    - (1) For Participants receiving lifetime monthly annuity benefits, the \$8,000 monthly limit is applied to the amount of monthly benefits payable after imposition of the 10% reduction referred to in subsection (f).
    - (2) For Participants receiving five year monthly annuity benefits, first reduce the life annuity prior to conversion to a five year annuity by 10% as referred to in Article V, Section II, (e) (2). Next, if the remaining life annuity exceeds \$8,000 per month, further reduce the five year annuity that would be otherwise payable by the difference between the 10% reduced life annuity and \$8,000.
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**Article V, Section II. (g)**

- (g) In the event of a sale of assets under Section 363 the Bankruptcy Code and the assumption of the Plan by General Motors LLC, the temporary 10% reduction under subsection (e) shall become permanent. In addition, for executive retirees who have a combined tax-qualified SRP plus non-qualified benefit under the Plan in excess of \$100,000 per annum on a life annuity basis, the amount of benefits under the Plan over the combined \$100,000 per annum threshold shall be reduced by 2/3rds.
- (1) For the purpose of determining the \$100,000 threshold for Participants receiving monthly life annuity benefits, such determination shall be made after the reduction of the monthly benefit for the cost of any survivor option.
  - (2) For the purpose of determining the \$100,000 threshold convert any five year annuity form of payment to a life annuity. After application of any reduction described in Article V Section II (g) above, convert the remaining life annuity back to a five year annuity for continued payment using the same five year annuity conversion factors as applied at original benefit commencement date.
- (h) In the event of a sale of assets under Section 363 the Bankruptcy Code and the assumption of the Plan by General Motors LLC as of the date of such sale, the monthly benefits accrued by active executive employees under Article II, Sections II, III and IV shall be frozen and reduced by 10%. Future benefit accruals for executive employees following the date of sale shall be determined under Article II, Sections IV and V.

***Notwithstanding the above, other than suspension or forfeiture as set forth in Article I, Section IV (b) with respect to any benefits that are vested or in payment pursuant to the terms of the Plan, the prior Benefit Equalization Plan or the prior Supplemental Executive Retirement Program (SERP), no amendment, modification, suspension, or termination may reduce the vested rights or benefits of Participants under the Plan, including benefits being provided to current executive retirees or their surviving spouse, without the Participant's, retiree's, or surviving spouse's written permission, unless such amendment, modification, suspension or termination is required by law.***

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**Article V, Section III. Claim Denial Procedures**

This sets forth the mandatory, exclusive appeal procedure. The Plan Administrator will provide adequate notice, in writing, to any Participant or beneficiary whose claim for benefits under the Plan has been denied, setting forth the specific reasons for such denial. The Participant or beneficiary will be given an opportunity for a full and fair review of a decision by the Plan Administrator denying a claim for benefits. An appeal may be filed with the Executive Compensation Committee of the Board of Directors, which has been delegated final discretionary authority to construe, interpret, apply, and administer the Plan. Such appeal to the Executive Compensation Committee must be filed, in writing, within 60 days from the date of the written decision from the Plan Administrator denying the claim for benefits. Such an appeal may be initiated by forwarding the request to General Motors LLC, 300 Renaissance Center, Mail Code 482-C32-C61, P.O. Box 300, Detroit, Michigan 48265-3000. As a part of this review, the Participant or beneficiary must submit any written comments that may support their position. The Executive Compensation Committee shall be the final review authority with respect to appeals, and its decision shall be final and binding upon the Company and the participant or beneficiary.

**Article V, Section IV. Service of Legal Process**

Service of legal process on General Motors LLC may be made at any office of the CT Corporation. The CT Corporation, which maintains offices in 50 states, is the statutory agent for services of legal process on General Motors LLC. The procedure for making such service generally is known to practicing attorneys. Services of legal process also may be made upon General Motors LLC, 400 Renaissance Center, Mail Code 482-038-210, Detroit, Michigan 48265-4000.

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**Article V, Section V. Named Fiduciary**

The Executive Compensation Committee of the General Motors Company Board of Directors shall be the Named Fiduciary with respect to the Plan. The Executive Compensation Committee may delegate authority to carry out such of its responsibilities, as it deems proper, to the extent permitted by ERISA.

**Article V, Section VI. Non-Assignability**

It is a condition of the Plan, and all rights of each Participant shall be subject thereto, that to the full extent permissible by law no right or interest of any Participant in the Plan or in his or her account shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, and further excluding devolution by death or mental incompetence. No right or interest of any Participant in the Plan or in their account shall be liable for, or subject to, any obligation or liability of such Participant except as provided in Article II, Section VI (b).

**GENERAL MOTORS COMPANY**  
**SALARY STOCK PLAN**  
*As amended November 21, 2012*

Section 1. *Purpose.* The purpose of the General Motors Company Salary Stock Plan is to compensate participating Employees in a manner that is consistent with the Company's obligations under the ARRA and under the terms of the Treasury Agreement. Capitalized terms used in the Plan shall have the definitions set forth in Section 9 of the Plan.

Section 2. *Administration.* The Plan shall be administered by the Committee. The Committee shall have full discretionary power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to (i) select the Employees to whom Awards may be granted hereunder; (ii) determine the amount of base salary and other compensation to be delivered in the form of an Award hereunder; (iii) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property, and (iv) interpret and administer the Plan, and establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan. The Committee may delegate to an appropriate Executive Officer of the Company responsibility for determining, within the limits established by the Committee, individual Awards for Employees who are not Executive Committee members or Executive Officers of the Company.

Section 3. *Shares Subject to the Plan.*

(a) Subject to the provisions of Section 3(c) below, the aggregate number of Shares with respect to which Awards may be granted under this Plan shall not exceed 75,000,000 Shares minus the number of Shares granted under the Short Term Incentive Plan and the Long-Term Incentive Plan. Awards granted under the Plan that are settled in cash will not count against the approved Share reserve.

(b) Any Shares delivered in settlement of Awards hereunder may consist, in whole or in part, of authorized and unissued Shares, treasury Shares or Shares purchased in the open market or otherwise.

(c) In the event of any merger, reorganization, consolidation, re-capitalization, stock split or reverse stock split, stock dividend, extraordinary cash dividend, or other change in corporate structure affecting the Company's Shares, the Committee shall make such adjustments in the aggregate number of Shares which may be delivered under this Plan and the number of Shares subject to Awards granted under this Plan (provided the number of Shares subject to any Award shall always be a whole number), as may be determined to be appropriate by the Committee in order to prevent unintended enhancement or diminution of the benefits or potential benefits intended to be conferred on Participants pursuant to Awards granted hereunder.

(d) For avoidance of doubt, Shares which are tendered or withheld to pay tax withholding obligations arising from the grant, or settlement of an Award will not again become available for grant under the terms of this Plan.

Section 4. *Eligibility.* Any Employee shall be eligible to be selected as a Participant.

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Section 5. *Restricted Stock Units.*

- (a) *Salary Stock.* The Committee has the power to grant Restricted Stock Unit Awards to Participants on each Issue Date. Units are valued by reference to a designated number of Shares. An RSU Award shall be subject to the terms and conditions set forth in this Plan.
- (b) *Vesting.* All Awards granted hereunder shall be vested and nonforfeitable upon grant thereof except as otherwise provided for in this Plan.
- (c) *Form of Settlement.* Each RSU shall be settled by delivery of the Fair Market Value of one Share as of the applicable anniversary date of grant in cash.
- (d) *Settlement.* (i) Except as set forth in Section 5(d)(iii), one third of the RSUs granted on any Issue Date will be settled on each of the first, second and third anniversaries of the Issue Date thereof, if permitted under Section 409A of the Code.
- (ii) If a Participant's employment terminates as a result of his or her death or Disability prior to the settlement date(s) applicable to his or her Award, all Awards then held by such Participant will be settled as soon as is practicable after the date of termination of employment. The form of settlement shall be as provided in Section 5(c).
- (iii) Notwithstanding any other provision of this Section, the Committee may grant Awards hereunder with different settlement schedules, as long as such different schedules do not contravene the instructions of the Special Master and do not violate ARRA.
- (e) *No Rights of a Shareholder.* No holder of any Award shall have any rights to dividends or any other rights of a stockholder with respect to Shares subject to the Award prior to becoming the record owner of such Shares.

Section 6. *Amendments, Termination and Recoupment.*

- (a) The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided, however; that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) stockholder approval if such approval is necessary to comply with the rules of the New York Stock Exchange or such other exchange as may constitute from time to time the principal trading market for the Company's Shares, and (ii) the consent of the affected Participant, if such action would materially impair the rights of such Participant under any outstanding Award. The Board has delegated to the Vice President, Global Human Resources authority to approve non-material amendments necessary or advisable with the advice of the Company's Legal Staff.
- (b) The Committee has the authority to take any action consistent with the terms of the Plan, either before or after an Award has been granted, that it deems necessary or advisable to comply with any government laws or regulatory requirements of a foreign country, including, but not limited to, modifying or amending the terms and conditions governing any Awards, or establishing any local country plans as sub-plans to this Plan. In addition, under all circumstances, the Committee or Officer of the Company may make non-substantive administrative changes to the Plan so as to conform with or take advantage of governmental requirements, statutes or regulations.
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(c) The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall materially impair the rights of any Participant without his or her consent.

(d) If any provision of the Plan or any Award is invalid or unenforceable in any jurisdiction, (i) such provision shall be modified or eliminated, but only to the extent necessary to eliminate such invalidity or unenforceability and (ii) such invalidity, unenforceability, modification or elimination shall not affect the validity or enforceability of such provision in any other jurisdiction and shall not affect the validity or enforceability of any other provision of the Plan or any Award.

(e) Notwithstanding any provision of this Plan to the contrary, any RSUs accrued or granted and undelivered hereunder, are subject to forfeiture as may be determined by the Chief Executive Officer or Vice President, Global Human Resources, (i) if the Participant accruing or granted such Award engages or has engaged or indicates an intention to engage in an act (or omission to act) that causes or has the potential to cause tangible or intangible damage or injury to the Company in a non-trivial manner or to a non-trivial degree, or (ii) engages in any activity which is in any manner inimical or in any way contrary to the best interests of the Company, or (iii) as may be directed by the Special Master. For purposes of this provision, the determination of whether an action will cause damage to the Company, or is inimical or in any way contrary to the best interest of the Company shall be made in the sole discretion of the Chief Executive Officer or Vice President, Human Resources of the Company.

#### Section 7. *General Provisions.*

(a) An Award may not be sold, exercised, pledged, assigned, hypothecated, transferred, or disposed of in any manner. For the avoidance of doubt, upon settlement of any Award, the cash or Shares delivered will not be subject to this restriction.

(b) Neither the Award nor any benefits arising out of this Plan shall constitute part of a Participant's employment or service contract with the Company or any Subsidiary and, accordingly, except as provided in Section 6(a) and (c) above, this Plan and the benefits hereunder may be terminated at any time in the sole discretion of the Company without giving rise to liability on the part of the Company or any Subsidiary for severance payments.

(c) No Employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants under the Plan.

(d) Nothing in the Plan or any Award granted under the Plan shall be deemed to constitute an employment or service contract or confer or be deemed to confer on any Employee or Participant any right to continue in the employ or service of, or to continue any other relationship with, the Company or any Subsidiary or limit in any way the right of the Company or any Subsidiary to terminate an Employee's employment or a Participant's service at any time, with or without cause.

(e) All Shares delivered under the Plan pursuant to any Award shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares may be then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any certificates or other indicia of ownership of such Shares to make appropriate reference to such restrictions.

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(f) No Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would comply with all applicable requirements of the U.S. federal securities laws and any other laws to which such offer, if made, would be subject.

(g) The Company and its Subsidiaries shall be authorized to withhold from any Award granted or payment due under the Plan the amount of withholding taxes due in respect of an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company or its Subsidiaries to satisfy all obligations for the payment of such taxes. The Committee shall be authorized to establish procedures for election by Participants to satisfy such obligation for the payment of such taxes by delivery of or transfer of Shares to the Company (to the extent the Participant has owned the surrendered Shares for more than six months if such a limitation is necessary to avoid a charge to the Company for financial reporting purposes), or by directing the Company to retain Shares (up to the minimum required tax withholding rate to the extent such limitation is necessary to avoid a charge to the Company for financial reporting purposes) otherwise deliverable in connection with the Award.

(h) Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

(i) The provisions of the Plan shall be construed, regulated and administered according to the laws of the State of Delaware without giving effect to principles of conflicts of law, except to the extent superseded by any controlling Federal statute.

(j) Awards may be granted to Participants who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy; provided, however, that amendments deemed necessary under this Section 7(j) may not be made without stockholder approval or Participant approval, if such approval is required by Section 6. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.

(k) If the Company shall have any unpaid claim against the Participant arising out of or in connection with such Participant's employment with the Company, such claim may be offset against Awards delivered under this Plan. Such claim may include, but is not limited to, unpaid taxes or corporate business credit card charges.

(l) Notwithstanding any provision of this Plan, no Plan elections, modifications or distributions will be allowed or implemented if they would cause the Participant to be subject to tax (including interest and penalties) under Section 409A of the Code. The settlement of Awards hereunder may be delayed up to six months following a Participant's termination of employment if the Participant is a "specified employee" for purposes of such Section 409A, and such delay is necessary to avoid the imposition of tax (including interest and penalties) under Section 409A.

Section 8. *Term of Plan.* The Plan shall terminate on the day after the date when all Awards hereunder are settled in accordance with the terms of the Plan, unless sooner terminated by the Board pursuant to Section 6.

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Section 9. *Definitions.* As used in the Plan, the following terms shall have the meanings set forth below:

- (a) “ARRA” shall mean the American Recovery and Reinvestment Act of 2009.
  - (b) “Award” shall mean an award hereunder of Restricted Stock Units.
  - (c) “Board” shall mean the Board of Directors of the Company.
  - (d) “Chief Executive Officer” shall mean the Chief Executive Officer of the Company.
  - (e) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, and any reference to any section of the Code shall also include any successor provision thereto.
  - (f) “Committee” shall mean the Executive Compensation Committee of the Board, its named successor, or such other persons or committee to whom the Board has delegated any authority, as may be appropriate.
  - (g) “Company” shall mean General Motors Company, a Delaware Company, or its successor.
  - (h) “Disability” shall mean the Participant is unable to engage in any gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
  - (i) “Employee” shall mean any individual who is employed by the Company or any Subsidiary who is classified by the Company as an executive or who is in the group of employees whose compensation structure or compensation is subject to approval by the Special Master.
  - (j) “Executive Officer” shall mean any Participant required to provide periodic statements of beneficial ownership of Company equity securities as an executive officer of the Company under Section 16(a) of the Securities Exchange Act of 1934.
  - (k) “Fair Market Value” shall mean the value of a Share, determined as follows: prior to the establishment of when-issued trading of the Shares on a national securities exchange, as determined by the Committee in its discretion; and after the establishment of when-issued trading of the Shares on a national securities exchange, the average of the high and low trading (or when-issued trading) prices for the Shares as reported on such national securities exchange for the applicable date or, if no such prices are reported for that date, the average of the high and low trading (or when-issued trading) prices on the immediately preceding date for which such prices were reported.
  - (l) “Issue Date” shall mean the last business day of each calendar quarter or any other date designated as an Issue Date by the Committee.
  - (m) “Participant” shall mean an Employee who is selected by the Committee to receive an Award under the Plan.
  - (n) “Plan” shall mean this General Motors Company Salary Stock Plan.
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- (o) "Restricted Stock Unit" or "RSU" shall mean any unit granted pursuant to and described in Section 6.
- (p) "Shares" shall mean shares of the common stock of the Company, \$0.01 par value.
- (q) "Special Master" shall mean the Office of the Special Master for TARP Executive Compensation, established by the Secretary of the U.S. Treasury under the ARRA or any other office or agency which succeeds to the powers thereof.
- (r) "Subsidiary" shall mean (i) a company of which capital stock having ordinary voting power to elect a majority of the board of directors of such company is owned, directly or indirectly, by the Company or (ii) any unincorporated entity in respect of which the Company can exercise, directly or indirectly, comparable control to that described in clause (i).
- (s) "Treasury Agreement" shall mean the Secured Credit Agreement among the Company, the U.S. Treasury, and the guarantors named therein dated July 10, 2009 as it may be subsequently restated or amended.
- (t) "Unit" shall mean a Restricted Stock Unit or RSU.
- (u) "U.S. Treasury" shall mean the United States Department of the Treasury.
- (v) Vice President, Global Human Resources shall mean the Vice President, Global Human Resources of the Company

**GENERAL MOTORS COMPANY SHORT TERM INCENTIVE PLAN**

*As amended November 21, 2012*

1. The purposes of the Plan are to reward performance and to incentivize Employees who contribute to the success of the business by making them participants in that success.

2(a) The Committee, as from time to time constituted pursuant to the Bylaws of the Company, may authorize Target Awards to Employees of the Company, Subsidiary or any other subsidiary or affiliate designated by the Committee. The Committee, in its sole discretion, shall establish targeted performance levels at which Target Awards may be earned. The Committee will establish minimum performance levels below which no award will be earned and will also establish corresponding maximum performance level(s) for which Target Awards may be adjusted upwards. The percentage of each Target Award that becomes a Final Award will be determined on the basis of the performance goals established and the performance achieved as well as the level of the Employee's individual performance during the period. The Committee shall establish the individual Target Awards and Final Awards for the Executive Committee and any Executive Officers of the Company who are not Executive Committee members. The Committee may delegate to an appropriate Executive Officer of the Company responsibility for determining, within the limits established by the Committee, individual Target Awards and Final Awards for Employees who are not Executive Committee members or Executive Officers of the Company.

Final Awards will be payable in cash as determined by the Committee, or if applicable, alternative payment arrangements may be approved to comply with the provisions of the Interim Final Rule and any determinations by the Special Master for TARP Executive Compensation and Section 409A of the Internal Revenue Code. If such arrangements require all or any portion of a Final Award to be delivered in shares of stock, such shares will be granted under the authorization conferred in Section 3(c) of the General Motors Company Long-Term Incentive Plan and shall not exceed the number of shares available under the approved Share reserve available to the Salary Stock Plan as amended October 5, 2010 and the General Motors Company 2009 Long-Term Incentive Plan as amended October 5, 2010.

2(b) With respect to the performance levels to be established pursuant to paragraph 2(a), the specific measures shall be established by the Committee. In creating these measures, the Committee may establish the specific goals based upon or relating to one or more of the following business criteria: asset turnover, cash flow, contribution margin, cost objectives, cost reduction, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA), earnings per share, economic value added, free cash flow, increase in customer base, initial public offering, inventory turnover, liquidity, market share, net income, net income margin, operating cash flow, operating profit margin, pre-tax income, productivity, profit margin, quality, return on assets, return on net assets, return on capital, return on equity, revenue, revenue growth, and/or warranty. The business criteria may be expressed in absolute terms or relative to the performance of other companies or to an index.

2(c) If any event occurs during a performance period which requires changes to preserve the incentive features of this Plan, the Committee may make appropriate adjustments. Such events may include changes in accounting principles, extraordinary items or changes in tax laws affecting net income.

2(d) Except as otherwise provided in paragraph 6, the percentage of each Target Award to be distributed to an Employee as a Final Award shall be determined by the Committee on the basis of the performance levels established for such award and the performance of the applicable enterprise or specified portion thereof, as the case may be, during the performance period. Following determination of

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the payout percentage to be applied to the Target Award, the Committee may, upon the recommendation of the Chief Executive Officer, make further adjustments to awards for Officers of the Company to reflect individual performance during such period, which for Covered Officers will involve only negative discretion. Adjustments to Target Awards to Employees who are not Covered Officers of the Company may be adjusted upward or downward to reflect individual performance not to exceed the maximum funding approved by the Committee. Any Target Award, as determined and adjusted pursuant to this paragraph 2(d) and paragraph 6, is herein referred to as a "Final Award."

2(e) For purposes of qualifying performance based compensation under 162m, the Plan limits the maximum individual Final Award under the Plan to \$7.5 million for any individual Participant. The Committee shall certify Final Awards earned by Covered Officers in writing prior to any award payments.

3. The Committee shall, among other things, determine when and to what extent individuals otherwise eligible for consideration shall become or cease to be, as the case may be, Employees for purposes of this Plan and shall determine when, and under what circumstances, any individual shall be considered to have terminated employment for purposes of this Plan.

4(a) Final Awards shall be paid as determined by the Committee under Section 2(a). Target Awards may become Final Awards, as determined by the Committee, in the year following the year Target Awards are granted. Final Awards shall vest and be paid in such following year, unless subject to a vesting schedule established by the Committee. Except as otherwise provided in this Plan, no Final Award (or portion thereof subject to a vesting schedule) shall be paid prior to vesting and the unpaid portion of any Final Award shall be subject to the provisions of paragraph 6. The Committee shall have the authority to modify a vesting schedule as may be necessary or appropriate in order to implement the purposes of this Plan. As a condition to the vesting of all or any portion of a Final Award the Committee may, among other things, require an Employee to enter into such agreements as the Committee considers appropriate and in the best interests of the Company.

4(b) No Employee shall have any rights to be granted a Target Award.

5(a) An Employee shall be eligible for consideration for a Target Award based on such criteria as the Committee shall from time to time determine.

5(b) No Target Award shall be granted to any Director of the Company who is not an Employee at the date of grant.

6(a) Payment of any Final Award (or portion thereof) to a Participant shall be subject to the satisfaction of the conditions precedent that such Participant: (i) continue to render services as an Employee (unless this condition is waived by the Committee), (ii) refrain from engaging in any activity which, in the opinion of the Chief Executive Officer or Vice President, Global Human Resources, is in any manner inimical or in any way contrary to the best interests of the Company (For purposes of this provision, the determination of whether an action will cause damage to the Company, or is inimical or in any way contrary to the best interest of the Company shall be made in the sole discretion of the Chief Executive Officer or Vice President, Global Human Resources), (iii) will not, for a period of 12 months following any voluntary termination of employment, directly or indirectly, knowingly induce any Employee or employee of an affiliate of the Company to leave their employment for participation, directly or indirectly, with any existing or future business venture associated with such individual, and (iv) furnish to the Company such information with respect to the satisfaction of the foregoing conditions precedent as the Committee shall reasonably request. Except as otherwise provided under paragraph 6(c) below, the failure by any Participant to satisfy such conditions precedent shall result in the immediate cancellation of the unvested portion of any Final Award previously made to such Participant and such Participant shall not be entitled to receive any consideration in respect of such cancellation.

6(b) If any Participant is dismissed for cause, quits employment without the prior consent of the

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Company, or separates employment under a mutual separation or involuntary termination, all awards previously made to such Participant that are not vested shall be cancelled as of the date of such termination of employment, and such Employee shall not be entitled to receive any consideration in respect of such cancellation.

6(c) If employment of an Employee is terminated by death, Target Awards will be prorated to date of death based on months in active service during the performance period and be subject to adjustment for final Corporate and individual performance and payable in cash immediately following determination of the Final Award. If employment is terminated by death after determination of the Final Award, Final Awards not currently vested will vest and become immediately payable/deliverable to the decedent's beneficiary(s).

6(d) A qualifying leave of absence will not constitute a termination of employment. A Participant's absence or leave shall be deemed to be a qualifying leave of absence if approved by the Committee in its sole discretion. Target Awards will be prorated based on months in active service during the performance period (plus two additional months for Disability leaves).

6(e) If a Participant terminates employment as an approved retirement at age 55 or older with ten or more years of service (or equivalent retirement eligibility outside the U.S.) or age 62 or older in the U.S. during the performance period, the Target Award will be prorated to date of retirement based on months in active service during the performance period and be subject to adjustment for final Corporate and individual performance and Final Awards will be payable on the originally scheduled payment/delivery date. The condition precedent of continuing service (6(a)(i)) will be waived and vesting of all undelivered portions of the Participant's Final Award will be accelerated and payment will be made on the originally scheduled payment/delivery date.

6(f) Upon termination of a Participant's employment for any reason other than as described above, the Committee may, but shall not in any case be required to, waive the condition precedent relating to the continued rendering of services in respect of all or any specified percentage of the unvested portion of any Final Award. To the extent such condition precedent is waived, the Committee may accelerate the vesting of all or any specified percentage of the unvested portion of any Final Award.

7. Subject to paragraph 6, all Final Awards which have vested in accordance with the provisions of this Plan shall be paid in accordance with Section 2(a). If the Company shall have any unpaid claim against an Participant arising out of or in connection with the Participant's employment with the Company, prior to payment of a Final Award, such claim may be offset against awards under this Plan (up to \$5,000 per year) and upon payment of a Final Award, such claim may be offset in total. Such claim may include, but is not limited to, unpaid taxes or corporate business credit card charges.

8. To the extent that any Participant acquires a right to receive payments or distributions under this Plan, such right shall be no greater than the right of a general unsecured creditor of the Company. All payments and distributions to be made hereunder shall be paid from the general assets of the Company. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between the Company and Participant or any other person.

9. The expenses of administering this Plan shall be borne by the Company.

10. Except as otherwise determined by the Committee, with the exception of transfer by will or the laws of descent and distribution, no Target or Final Award shall be assignable or transferable and, during the lifetime of the Participant, any payment in respect of any Final Award shall be made only to the Participant. A Participant shall designate a beneficiary or beneficiaries in a manner prescribed by the Company to receive all or part of the amounts to be distributed to the Participant under this Plan in case of death. A designation of beneficiary may be replaced by a new designation or may be revoked by the

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Participant at any time. In case of the Participant's death, the amounts distributable to the Participant under this Plan with respect to which a designation of beneficiary has been made (to the extent it is valid and enforceable under applicable law) shall be distributed in accordance with this Plan to the designated beneficiary or beneficiaries. The amount distributable to an Participant upon death and not subject to such a designation shall be distributed to the Participant's estate or legal representative. If there shall be any question as to the legal right of any beneficiary to receive a distribution under this Plan, the amount in question may be paid to the estate of the Participant, in which event the Company shall have no further liability to any party with respect to such amount.

11. Full power and authority to construe and interpret this Plan shall be vested in the Committee. To the extent determined by the Committee, administration of this Plan, including, but not limited to the selection of Participants in this Plan may be delegated to the Chief Executive Officer; provided, however, the Committee shall not delegate to the Chief Executive Officer any powers, determinations, or responsibilities with respect to Executive Officers of the Company. Any person who accepts any award hereunder agrees to accept as final, conclusive, and binding all determinations of the Committee. The Committee shall have the right, in the case of Participants not employed in the United States, to vary from the provisions of this Plan in order to preserve the incentive features of this Plan.

12. Notwithstanding any provision of this Plan, no Plan elections, modifications or distributions will be allowed or implemented if they would cause the Participant to be subject to tax (including interest and penalties) under Section 409A of the Code. The settlement of Awards hereunder may be delayed up to six months following a Participant's termination of employment if the Participant is a "specified employee" for purposes of Section 409A and such delay is necessary to avoid the imposition of tax (including interest and penalties) under Section 409A.

13. Notwithstanding anything in this Plan to the contrary, any award made to a Participant under this Plan is subject to being called for repayment to the Company in any situation where the Board of Directors or a committee thereof determines that the Company's Policy on Recoupment of Compensation requires such repayment, or that repayment is otherwise required by the rules of any national securities exchange on which the stock of the Company may be listed. The determination regarding repayment under this provision shall be within the sole discretion of the Committee and shall be final and binding on the Participant and the Company.

14. The Committee, in its sole discretion, may, at any time, amend, modify, suspend, or terminate this Plan provided that no such action shall (a) adversely affect the rights of an Employee with respect to previous Target Awards or Final Awards under this Plan (except as otherwise permitted under paragraphs 2(d), 4, or 6), and this Plan, as constituted prior to such action, shall continue to apply with respect to Target Awards previously granted and Final Awards which have not been paid, or (b) without the approval of the stockholders, (i) increase the limit on the maximum amount of Final Awards provided in paragraph 2(e), or (ii) render any Director of the Company who is not an Employee at the date of grant eligible to be granted a Target Award.

15. Every right of action by, or on behalf of, the Company or by any stockholder against any past, present, or future member of the Board of Directors, officer, or Employee of the Company or its subsidiaries arising out of or in connection with this Plan shall, irrespective of the place where action may be brought and irrespective of the place of residence of any such Director, Officer, or Employee, cease and be barred by the expiration of three years from the date of the act or omission in respect of which such right of action arises. Any and all right of action by any Employee (past, present, or future) against the Company arising out of or in connection with this Plan shall, irrespective of the place where an action may be brought, cease and be barred by the expiration of three years from the date of the act or omission in respect of which such right of action arises. This Plan and all determinations made and actions taken

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pursuant hereto shall be governed by the laws of the State of Delaware and construed accordingly.

16. This Plan shall be effective as of January 1, 2010.

17. Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

- a) "Board" shall mean the Board of Directors of the Company.
  - b) "Chief Executive Officer" shall mean the Chief Executive Officer of the Company.
  - c) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, and any reference to any section of the Code shall also include any successor provision thereto.
  - d) "Committee" shall mean the Executive Compensation Committee of the Board, its named successor, or such other persons or committee to whom the Board has delegated any authority, as may be appropriate.
  - e) "Company" shall mean General Motors Company, a Delaware Company, or its successor.
  - f) "Covered Officer" shall mean any individual whose compensation in the year of expected payment of an award, or in the year in which the Company will claim a tax deduction in respect of such individual's award thereunder, will be subject to the provisions of Section 162(m) of the Internal Revenue Code, as amended, as determined by the Committee.
  - g) "Director" shall mean a member of the Board of Directors of the Company
  - h) "Disability" shall mean the Participant is unable to engage in any gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
  - i) "Employee" shall mean any individual who is employed by the Company or any Subsidiary.
  - j) "Executive Committee" shall mean the Executive Committee or comparable management leadership group appointed by the Board or the chief executive officer of the Company.
  - k) "Executive Officer" shall mean any Participant required to provide periodic statements of beneficial ownership of Company equity securities as an executive officer of the Company under Section 16(a) of the Securities Exchange Act of 1934.
  - l) "Final Award" shall mean the amount approved by the Committee for payment to the Participant which shall mean the individual Target Award as adjusted for Corporate performance and, if applicable, individual performance.
  - m) "Participant" shall mean an Employee who receives a Target Award under the Plan.
  - n) "Plan" shall mean this General Motors Company Short Term Incentive Plan
  - o) "Subsidiary" shall mean (i) a company of which capital stock having ordinary voting power to elect a majority of the board of directors of such company is owned, directly or indirectly, by the
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Company, or (ii) any unincorporated entity in respect of which the Company can exercise, directly or indirectly, comparable control to that described in clause (i)

- p) “Target Award” shall be an individual amount that the Participant may earn if targeted performance levels against approved metrics are achieved and individual performance is such that the amount may become a Final Award.
- q) “Vice President, Global Human Resources” shall mean the Vice President, Global Human Resources of the Company.

PURCHASE AND SALE AGREEMENT

by and among

ALLY FINANCIAL INC.,

as Parent

GENERAL MOTORS FINANCIAL COMPANY, INC.

as Purchaser

and, solely for purposes of Section 5.3, Section 5.6, Section 5.14(b) and Article X,

GENERAL MOTORS COMPANY,

as Purchaser Topco

Dated as of November 21, 2012



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SCI:3335029.3

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## TABLE OF CONTENTS

	<b>Page</b>
Article I DEFINITIONS AND TERMS	
Section 1.1 Certain Definitions	1
Section 1.2 Interpretation	18
Article II SALE AND PURCHASE OF THE TARGET EQUITY INTERESTS	20
Section 2.1 Sale and Purchase of the Target Equity Interests	20
Section 2.2 Purchase Price	20
Section 2.3 Purchase Price Adjustment	20
Section 2.4 Holdbacks	22
Section 2.5 Closing	22
Section 2.6 Closing Deliverables	23
Section 2.7 Purchase Price Allocation	24
Section 2.8 Withholding	24
Section 2.9 Deferred Closings	25
Article III REPRESENTATIONS AND WARRANTIES OF PARENT	27
Section 3.1 Organization, Authorization, Enforceability, Non-Contravention	27
Section 3.2 Equity Interests of the Target Companies	28
Section 3.3 Target Company Financial Information	29
Section 3.4 No Undisclosed Liabilities	30
Section 3.5 Absence of Changes	30
Section 3.6 No Litigation	30
Section 3.7 Approvals	30
Section 3.8 Taxes	31
Section 3.9 Employee Benefit Plans	34
Section 3.10 Labor Matters	36
Section 3.11 No Violation of Law; Required Licenses and Permits	37
Section 3.12 Real Property	38
Section 3.13 Environmental Matters	38
Section 3.14 Intellectual Property	39
Section 3.15 Contracts	40
Section 3.16 Title to Assets	43
Section 3.17 Insurance	43
Section 3.18 Transactions with Affiliates	43
Section 3.19 Securitizations	43
Section 3.20 Intercompany Loans	45
Section 3.21 Finder's Fees	45
Section 3.22 Foreign Asset Control	45

Section 3.23	Anti-Money Laundering	45
Section 3.24	Anti-Corruption; No Unlawful Payments; Prohibited Practices	45
Section 3.25	Export Controls	46
Section 3.26	Consumer Financial Protection	47
Section 3.27	Financing Contracts	47
Section 3.28	No Amendments to Transferred Derivatives or Corresponding Derivatives	48
Section 3.29	No Other Representations or Warranties	48
Article IV REPRESENTATIONS AND WARRANTIES OF PURCHASER		49
Section 4.1	Organization, Authorization, Enforceability, Non-Contravention	49
Section 4.2	Financing	50
Section 4.3	Approvals	50
Section 4.4	Finder's Fees	51
Section 4.5	No Litigation	51
Section 4.6	Securities Law Compliance	51
Section 4.7	Due Diligence by Purchaser	51
Section 4.8	Solvency	52
Section 4.9	No Other Representations or Warranties	52
Article V COVENANTS		52
Section 5.1	Conduct of the Target Business	52
Section 5.2	Sale of Target Equity Interests	57
Section 5.3	Cooperation	57
Section 5.4	Pre-Closing Restructuring	59
Section 5.5	Access and Information	59
Section 5.6	Confidentiality	61
Section 5.7	Announcements	62
Section 5.8	Insurance	63
Section 5.9	Interest in Intellectual Property	64
Section 5.10	Cooperation Regarding Transition Arrangements	66
Section 5.11	Employee Matters	66
Section 5.12	Termination of Certain Affiliate Arrangements; Replacement of Guarantees and Transferred Derivatives; Certain Releases	71
Section 5.13	Notices and Consents	73
Section 5.14	Financing	73
Section 5.15	Non-Compete; Non-Solicit	74
Section 5.16	Other Transaction Documents	78
Section 5.17	Intercompany Loans	78
Section 5.18	Further Assurances	79
Section 5.19	Delivery of Audited Financial Statements	79
Section 5.20	VAT Provisions	80
Section 5.21	No Shop	81

Section 5.22	Powers of Attorney	82
Section 5.23	Derivative Treatment	82
Article VI CONDITIONS TO CLOSING		83
Section 6.1	Conditions to Each Party's Obligations	83
Section 6.2	Conditions to Obligations of Purchaser	83
Section 6.3	Conditions to Obligations of Parent	84
Article VII TAX MATTERS		85
Section 7.1	Seller Returns and Reports	85
Section 7.2	Purchaser Returns and Reports	85
Section 7.3	Amendments	85
Section 7.4	Contest Provisions	86
Section 7.5	Transfer Taxes	87
Section 7.6	Cooperation; Access to Records	88
Section 7.7	No Tax Elections	88
Section 7.8	No Dividends	88
Section 7.9	Tax Sharing	88
Section 7.10	IRS Forms 5471	88
Section 7.11	Straddle Period Tax Allocation	89
Section 7.12	Disputes	89
Section 7.13	Refunds	89
Section 7.14	Exclusivity	90
Article VIII SURVIVAL; INDEMNIFICATION; CERTAIN REMEDIES		90
Section 8.1	Survival	90
Section 8.2	Indemnification by Parent	91
Section 8.3	Indemnification by Purchaser	93
Section 8.4	Claims Procedure	95
Section 8.5	Payment	96
Section 8.6	Treatment of Indemnification Payments	97
Section 8.7	Provisions	97
Section 8.8	Exclusive Remedies	97
Section 8.9	Damages	97
Section 8.10	Net Financial Benefit	98
Section 8.11	Contingent Liabilities	98
Section 8.12	Right to Recovery	98
Section 8.13	Double Claims	99
Section 8.14	Mitigation of Losses	99
Article IX TERMINATION		99
Section 9.1	Termination	99
Section 9.2	Notice of Termination	100

Section 9.3	Effect of Termination	100
Section 9.4	Additional Rights and Remedies	101
Article X MISCELLANEOUS		101
Section 10.1	Notices	101
Section 10.2	Assignment	102
Section 10.3	No Third-Party Beneficiaries	103
Section 10.4	Whole Agreement; Conflict with Other Transaction Documents	103
Section 10.5	Costs	103
Section 10.6	Governing Law; Consent to Jurisdiction; Specific Performance	103
Section 10.7	Counterparts	105
Section 10.8	Severability	105
Section 10.9	Amendments; Waiver	105
Section 10.10	Payments; Currency Conversion	105

**PURCHASE AND SALE AGREEMENT**, dated as of November 21, 2012 (the "Agreement"), by and among Ally Financial Inc., a corporation organized under the laws of the state of Delaware ("Parent"), and General Motors Financial Company, Inc., a corporation organized under the laws of the state of Texas ("Purchaser") and, solely with respect to Section 5.3, Section 5.6, Section 5.14(b) and Article X, General Motors Company, a corporation organized under the laws of the state of Delaware ("Purchaser Topco").

## RECITALS

WHEREAS, Parent, directly or indirectly through the other Sellers (as defined below), owns all of the Target Equity Interests (as defined below) issued by the Brazilian Target Companies (as defined below), the European Target Companies (as defined below), and the MCC Target Companies (as defined below), (each of the foregoing groups of Target Companies, a "Target Business Segment"); and

WHEREAS, on the terms and conditions set forth herein, the Sellers desire to sell to Purchaser (or to one or more assignees of Purchaser pursuant to an assignment made in accordance with Section 10.2), and Purchaser desires to purchase from (or to cause one or more assignees of Purchaser pursuant to an assignment made in accordance with Section 10.2 to purchase from) each Seller, either directly or through one or more Subsidiaries, all of each Seller's rights in the Target Equity Interests.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

## ARTICLE

### DEFINITIONS AND TERMS

Section 1.1 Certain Definitions. As used in this Agreement, the following terms have the meanings set forth below:

"2006 Agreement" means the Purchase and Sale Agreement by and among General Motors Corporation, General Motors Acceptance Corporation, GM Finance Co. Holdings Inc. and FIM Holdings LLC, dated as of April 2, 2006, and all agreements, undertakings or other written instruments entered into in connection therewith or with respect thereto, including the letter agreement, dated as of March 13, 2007, by and among GMAC LLC, GM Finance Co. Holdings Inc. and FIM Holdings LLC and the November 5, 2008 e-mail from Purchaser's Executive Director - Tax Counsel to Parent's Director of Tax Operations and Analysis regarding the income tax effects of non-income tax refunds.

"Accounting Expert" has the meaning set forth in Section 2.3(a).

"Action" means any civil, criminal or administrative action, suit, demand, claim (including any counterclaim), case, litigation, mediation, arbitration, opposition, objection, cancellation, inquiry, hearing, dispute, investigation or other proceeding.

"Adjustment Amount" means an amount (which may be negative) equal to (i) the Final Net Asset Value *minus* (ii) the Estimated Net Asset Value.

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such specified Person; provided, that (i) neither of the U.S. Department of the Treasury nor any Person under common Control with Parent (other than Parent's Controlled Affiliates) as a result of the ownership of Equity Interests in Parent by the U.S. Department of the Treasury shall constitute an Affiliate of Parent, and (ii) neither of the U.S. Department of the Treasury nor any Person under common Control with Purchaser (other than Purchaser's Controlled Affiliates and Purchaser Topco) as a result of the ownership of Equity Interests in Purchaser Topco by the U.S. Department of the Treasury shall constitute an Affiliate of Purchaser.

“Agreed Accounting Principles” means the principles set forth on Schedule C.

“Agreed Derivative Valuation Principles” means the principles set forth on Schedule 1.1(a).

“Agreement” has the meaning set forth in the Preamble.

“AIM” means Ally Investment Management LLC.

“AIM Derivative” means (i) any Derivative Transaction set forth on Section 1.1(g) of Parent's Disclosure Letter and (ii) any Derivative Transaction primarily related to a Target Company entered into on or after the date hereof, to which AIM is a party, except for BG Derivatives, Corresponding Derivatives and foreign exchange swaps.

“Allocation Schedule” has the meaning set forth in Section 2.7.

“BG Derivative” means (i) any Derivative Transaction set forth on Section 1.1(h) of Parent's Disclosure Letter and (ii) any balance guarantee Derivative Transaction primarily related to a Target Company entered into on or after the date hereof, to which AIM is a party, except for Corresponding Derivatives and foreign exchange swaps.

“Brazilian Target Companies” means the Target Companies set forth on Schedule 1.1(b).

“Brazilian Withholding Taxes Calculation” has the meaning set forth in Section 6.2(d).

“Business Combination” has the meaning set forth in Section 5.15(b)(vii).

“Business Day” means any day other than a Saturday, Sunday or a day on which banks located in New York, New York, Detroit, Michigan or Fort Worth, Texas or, to the extent relating to the transfer of Target Equity Interests in any of the jurisdictions listed on Schedule B, such jurisdiction, are authorized or required by Law to be closed.

“Business Employees” means the individuals set forth in Section 5.11(b) of Parent's Disclosure Letter, it being understood that such list may be updated from time to time to add or subtract individuals, subject, in each case, to the mutual agreement of Purchaser and Parent.

“Cap” has the meaning set forth in Section 8.2(b).

“Claim Notice” has the meaning set forth in Section 8.4(a).

“Class Action Deductible” has the meaning set forth in Section 8.2(b).

“Closing” has the meaning set forth in Section 2.5.

“Closing Company Material Adverse Effect” shall have the same meaning as Company Material Adverse Effect, except that (i) each reference to “Target Companies” set forth in such definition shall be replaced with a reference to “Subject Companies,” and (ii) in clause (ii) thereof, the phrase “to perform their obligations under any of the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner” shall be replaced with “to perform their obligations under any of the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner, in each case to the extent they relate, or are contemplated to be consummated, at the applicable Closing”.

“Closing Date” means, with respect to any Closing, the date on which such Closing occurs.

“Closing Payment” means, as of any Closing, the sum of the following in respect of each Target Business Segment to be purchased and sold at such Closing: (a) the Estimated Net Asset Value of such Target Business Segment, and (b) the Premium applicable to such Target Business Segment; provided, however, that at the Closing in respect of the European Target Companies, the Closing Payment shall be reduced by an amount, if any, equal to the Holdback Amount in respect of each other Target Business Segment if the Closing for such other Target Business Segment has not occurred concurrently with or prior to such Closing.

“Closing Purchaser Material Adverse Effect” shall have the same meaning as Purchaser Material Adverse Effect, except that the phrase “to perform its obligations under any of the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner” shall be replaced with “to perform its obligations under any of the Transaction Documents or to consummate such Closing contemplated thereby in a timely manner, in each case to the extent they relate, or are contemplated to be consummated, at the applicable Closing”.

“Code” means the Internal Revenue Code of 1986.

“Company In-Process Marks” means the trademarks listed in Section 1.1(a) of Parent's Disclosure Letter which will be assigned to one of the Target Companies on the applicable Closing Date.

“Company Material Adverse Effect” means any change, effect, event or occurrence that, either individually or in the aggregate with any other change, effect, event or occurrence, (i) has or is reasonably likely to have a material and adverse effect on the business, operations, assets, liabilities, condition (financial or otherwise) or the results of operations of the Target Companies, taken as a whole, or (ii) would be reasonably likely to prevent or materially impair the ability of Parent or any of its Affiliates to perform their respective obligations under the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner; provided that, in the case of clause (i) only, none of the following (or the results thereof), either alone or in combination with any other changes, effects, events or occurrences, shall constitute or contribute to a Company Material Adverse Effect: (a) any change in applicable accounting principles or any adoption, proposal, implementation or change in Law (including any Law in respect of Taxes) or any interpretation thereof by any Government Authority; (b) any change in global, national or regional political conditions (including protests, strikes, riots, acts of terrorism or war) or in general global, national or regional economic, business, regulatory, political or market conditions or in national or global financial or capital markets (including any such conditions or markets in the United States or any of the countries in which any Target Company is incorporated or organized); (c) any change generally affecting the industries or market sectors in the geographic regions in which one or more of the Target Companies operate; (d) any change resulting from or arising out of hurricanes, earthquakes, floods, or other



natural disasters; (e) the negotiation, execution, announcement or performance of the Transaction Documents or consummation of the transactions contemplated thereby; (f) the failure of one or more of the Target Companies to meet any internal or public projections, forecasts or estimates of performance, revenues or earnings (it being understood that the facts and circumstances contributing to such failure may constitute or contribute to a Company Material Adverse Effect); (g) any actions (or the effects of any action) taken (or omitted to be taken) upon the written request or instruction of, or with the written consent of, Purchaser, consistent with the terms hereof, to consummate the transactions contemplated hereby; (h) any action (or the effects of any action) taken (or omitted to be taken) by the Target Companies as required pursuant to this Agreement or (i) any change, effect, event or circumstance primarily caused by, occurring at, affecting or relating to Purchaser Topco, Purchaser or any of their Affiliates (including any bankruptcy, work stoppage or other adverse change at Purchaser Topco, Purchaser or any of their Affiliates); except in the cases of clauses (a), (b) and (c) to the extent such change (or any results thereof) has a disproportionate effect on the Target Companies, taken as a whole, compared with other Persons operating in the industries and jurisdictions in which the Target Companies operate.

“Company Trademarks” means those trademarks listed on Section 1.1(b) of Parent's Disclosure Letter.

“Competing Person” has the meaning set forth in Section 5.15(b)(v).

“Confidential Information” means, with respect to either Party or any of its respective Affiliates, any information disclosed to such Party by the other Party or any of the other Party's respective Affiliates that relates to (i) the provisions of this Agreement or any agreement entered into pursuant to this Agreement, (ii) the negotiations relating to this Agreement (or any such other agreement), (iii) any information relating to the business, financial or other affairs (including future plans, financial targets, trade secrets and know-how) of such other Party or such other Party's Affiliates, or (iv) any information of the other Party or such other Party's Affiliates provided in a manner which reasonably indicates the confidential or proprietary nature of such information. With respect to Purchaser and its Affiliates, Confidential Information includes all Evaluation Material (as such term is defined in the Confidentiality Agreement).

“Confidentiality Agreement” means the letter agreement, dated as of April 10, 2012, as amended, between Parent and Purchaser Topco.

“Constituent Documents” means, with respect to any corporation, its charter or articles of incorporation or association and by-laws; with respect to any partnership, its certificate of partnership and partnership agreement; with respect to any limited liability company, its certificate of formation and limited liability company or operating agreement; with respect to each other Person, its comparable constitutional instruments or documents (and, in each case, such similar instruments or documents as applicable under a relevant jurisdiction).

“Consumer Financial Protection Law” means (i) all Laws concerning the protection of consumers in credit, credit sale and leasing transactions, including Laws addressing usury, credit terms, disclosure, collection and repossession practices, and limitations on creditor's rights; and (ii) Data Protection Laws.

“Continuing Employees” has the meaning set forth in Section 5.11(c).

“Contract” means any written contract, agreement, undertaking, indenture, lease or other written instrument of any kind to which any Target Company, any Securitization Originator, any Securitization Depositor or any Securitization Issuing Entity is a party or by which it or any of its assets or properties is bound but shall exclude any Target Company Benefit Plan.

“Control” means, with respect to any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlling” and “Controlled” have meanings correlative to the foregoing.

“Corresponding Derivative” means (i) any Derivative Transaction set forth under “Swap Transactions Between Ally Investment Management LLC and a Target Company” in Section 3.18 of Parent's Disclosure Letter and (ii) any Derivative Transaction entered into on or after the date hereof between Ally Investment Management LLC, on the one hand, and a Target Company, on the other hand.

“Credit Enhancement” means any security deposit or unapplied advance payment, investment certificate, certificate of deposit, authorization to hold funds, hypothecation of account or like instrument, letter of credit, agreement of indemnity guarantee, recourse agreement, security agreement or property, in each case pledged, assigned, mortgaged, made, delivered or transferred as security for the performance of any obligation under or with respect to any Financing Contract.

“Criminal Liability” means any liability, fine, censure or other sanction resulting from the violation of any criminal Law, other than immaterial violations that have not and could not result in (a) any financial liability that is material to any Target Business Segment taken as a whole, or (b) incarceration of any director or employee of any Target Company.

“Data Protection Laws” means all Laws covering the protection of Personal Data in any Target Jurisdiction, including if and to the extent applicable the Data Protection Directive 95/46/EC.

“De Minimis Target Companies” means (i) with respect to the European Target Companies, one or more European Target Companies, that both (a) are not organized in the United Kingdom or Germany and (b) the asset value of which does not exceed 20% of the aggregate asset value of all of the European Target Companies, in each case, as at September 30, 2012, and (ii) with respect to the MCC Target Companies, either (a) GMAC Automotriz Limitada and/or Comercial Automotriz Chile S.A., or (b) GMAC Financiera de Colombia S.A. Compañía de Financiamiento, GMAC Servicios S.A.S., a Colombia *sociedad de acciones simplificada* and/or GMAC Colombia S.A. LLC, a Delaware limited liability company; provided that any group of MCC Target Companies that includes one or more MCC Target Companies identified in each of (a) and (b) shall not constitute “De Minimis Target Companies”).

“Deductible” has the meaning set forth in Section 8.2(b).

“Deferred Closing” has the meaning set forth in Section 2.9(a).

“Deferred Closing Date” has the meaning set forth in Section 2.9(a).

“Deferred Premium” means, in the event one or more MCC Target Companies is a Deferred Target Company, the amount equal to the Premium applicable to the MCC Target Companies multiplied by the pro rata portion of the estimated book value that the Deferred Target Company and

its Sibling Companies (if any) represent relative to the estimated book value of the MCC Target Companies as a whole, estimated as of the applicable Closing.

“Deferred Target Company” has the meaning set forth in Section 2.9(a).

“Derivative Transaction” means any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, catastrophe events, weather-related events, credit-related events or conditions or any indices, or any other similar transaction (including any option with respect to any of these transactions) or combination of any of these transactions, including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embedding any such types of transactions, and any related credit support, collateral or other similar arrangements related to such transactions.

“Disclosing Party” has the meaning set forth in Section 5.6(b).

“Disclosure Letter” means, with respect to either Party, a letter delivered by such Party to the other Party contemporaneously with the execution and delivery of this Agreement setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations, warranties or covenants of such Party contained in this Agreement; provided that the mere inclusion of an item in a Disclosure Letter as an exception to a representation, warranty or covenant shall not be deemed an admission by the disclosing Party that such item (or any non-disclosed item or information of comparable or greater significance) represents a material exception, fact, event or circumstance or that such item has had or is reasonably likely or expected to result in a Company Material Adverse Effect or a Purchaser Material Adverse Effect, as applicable; provided, further, that a disclosure in any section of such Party's Disclosure Letter shall be deemed to be a disclosure for all other sections of such Party's Disclosure Letter in respect of which it is reasonably apparent on the face of such disclosure that such disclosure is applicable, whether or not repeated or cross-referenced in such other section; provided that although Parent's Disclosure Letter has been divided into two segments labeled “Europe” and “Latin America”, each section and subsection in each segment shall be read in concert so that each disclosure under an applicable section or subsection in either segment of Parent's Disclosure Letter shall be considered to be disclosed in a single unified section or subsection of Parent's Disclosure Letter, and the fact that an item has been disclosed in one segment shall not be construed to mean that such disclosure is limited to such segment.

“Dutch Target Companies” means the Target Companies listed on Schedule 1.1(c).

“Effective Hire Date” has the meaning set forth in Section 5.11(a).

“Employee Representative Body” has the meaning set forth in Section 3.10(g).

“Encumbrance” means any mortgage, deed of trust, easement, pledge, hypothecation, assignment, security interest, restriction, option, equity interest, preference, participation interest, claim, lien, or encumbrance; provided, however, that no Encumbrance shall be deemed to be created by this Agreement or any other Transaction Document.

“Environmental Law” means all Laws concerning the protection of the environment or natural resources, or the use, handling, release, disposal of, or exposure to any pollutants, contaminants or toxic or hazardous materials, substance or wastes.

“Equity Interest” means, with respect to any Person, any share of capital stock of, or any general, limited or other partnership interest, membership interest or similar ownership interest in, such Person.

“Estimated Closing Statement” means, for any Closing, a statement setting forth the unaudited combined balance sheet of the Subject Companies as of the close of business on the last day of the month ended two months immediately prior to the month in which such Closing occurs, prepared in accordance with the Agreed Accounting Principles and using the same methodology used to prepare the Reference Closing Statement, including Parent's good faith calculation of the Estimated Net Asset Value.

“Estimated Net Asset Value” means, for any Closing, a calculation of the Net Asset Value of each Target Business Segment (excluding any Deferred Target Companies) as of the close of business on the last day of the month ended two months immediately prior to the month in which such Closing occurs, as set forth on the Estimated Closing Statement.

“Estimated Net Derivative Value” means, for any Closing, Parent's good faith estimate of the Final Net Derivative Value in respect of such Closing.

“European Intercompany Loan” has the meaning set forth in Section 5.17(a)(iii).

“European Target Companies” means the Target Companies listed on Schedule 1.1(d).

“Exchange Act” means the Securities Exchange Act of 1934.

“Excluded Target Company Benefit Plans” has the meaning set forth in Section 3.9(a).

“Final Closing” means the Closing at which, upon the consummation of the purchase and sale of the Subject Companies, all Target Companies will have been purchased by and sold to Purchaser.

“Final Closing Statement” means, for any Closing, the audited combined balance sheet of the Subject Companies as of the close of business on the day immediately preceding the applicable Closing Date, prepared in accordance with the Agreed Accounting Principles, including a calculation of the Net Asset Value of each Target Business Segment (excluding any Deferred Target Companies) as of the close of business on the day immediately preceding such Closing Date.

“Final Net Asset Value” means the Net Asset Value of a Target Business Segment (excluding any Deferred Target Companies) as of the close of business on the day immediately preceding the relevant Closing Date as shown on the applicable Final Closing Statement.

“Financing Contract” means any executory Contract in the form of a lease of or rental agreement with respect to motor vehicles or secured or unsecured financing of motor vehicles with respect to which (i) any Target Company, any Securitization Originator, any Securitization Depositor or any Securitization Issuing Entity is the lessor, seller, lender, secured party or obligee (whether initially or as an assignee), or (ii) is between an obligor, on the one hand, and a lessor, seller, obligee, secured party or assignee of any of the foregoing, on the other hand.

“French Target Company” means the Target Company listed on Schedule 1.1(e) and identified as such thereon.

“GAAP” means U.S. generally accepted accounting principles.

“German Target Companies” means the Target Companies listed on Schedule 1.1(f) and identified as such thereon.

“GMAC IF” means GMAC International Finance B.V.

“GMAC-SAIC” means GMAC-SAIC Automotive Finance Co. Ltd.

“Government Authority” means any foreign or domestic, federal, state, provincial, county, city or local legislative, administrative or regulatory authority, agency, court, tribunal, body or other governmental or quasi-governmental entity with competent jurisdiction, including any supranational body and any self-regulatory authority or organization.

“Government Order” means any order, writ, judgment, injunction, approval, decree, declaration, stipulation, determination, agreement or award entered by or with any Government Authority.

“Historical Financial Statements” has the meaning set forth in Section 5.19.

“Holdback Amount” means (i) with respect to the Brazilian Target Companies, \$65,000,000, and (ii) with respect to the MCC Target Companies, \$100,000,000.

“Indebtedness” has the meaning set forth in Section 3.15(a)(iv).

“Indemnifiable Tax Representations” means the representations and warranties set forth in Section 3.8(i) through and including (l) (other than clause (iv) thereof), (m), (o), (p), (s), clause (c) on Schedule 3.8(v) (France), clauses (a)(i) through (a)(iii) on Schedule 3.8(x) (Netherlands), and clauses (a) through (e) on Schedule 3.8(w) (Germany).

“Indemnified Person” has the meaning set forth in Section 8.4(a).

“Indemnifying Person” has the meaning set forth in Section 8.4(a).

“Initial Terms and Conditions of Employment” has the meaning set forth in Section 5.11(a).

“Insurance Policies” has the meaning set forth in Section 3.17.

“Intellectual Property” means, in any and all jurisdictions throughout the world, any (i) trademarks, service marks, Internet domain names, trade dress and trade names, registrations and applications for registration of the foregoing, and the goodwill associated therewith and symbolized thereby (“Trademarks”), (ii) patents and patent applications (including any provisional, continuation, continuation-in-part, divisional and reissue) and any term extensions, (iii) confidential and proprietary information, including trade secrets, know-how and invention disclosures, and (iv) copyrights (including copyrights in computer software, Internet websites and databases) and registrations and applications for registration of the foregoing.

“Intercompany Loan” has the meaning set forth in Section 3.20.

“IRS” means the U.S. Internal Revenue Service.

“ISDA Agreement” means an International Swaps and Derivatives Association Master Agreement.

“IT Assets” means computers, computer software (whether in source or object code), firmware, middleware, servers, workstations, routers, hubs, switches, data, data communications lines, and other information technology equipment, and associated documentation.

“Key Person” has the meaning set forth in Section 5.15(f)(i).

“Knowledge” means (i) with respect to Parent, the actual knowledge after reasonable inquiry of any of the officers listed in Section 1.1(c) of Parent’s Disclosure Letter and (ii) with respect to Purchaser, the actual knowledge after reasonable inquiry of any of the officers listed in Section 1.1(c) of Purchaser’s Disclosure Letter. “Knowledge” does not require Parent to conduct, have conducted, obtain or have obtained any non-infringement, inventorship, invalidity, freedom-to-operate or any other opinions of counsel of any nature, formal or informal, or any searches regarding Intellectual Property, including any subject matter, ownership, competitive intelligence or other searches, and no knowledge of any third-party Intellectual Property rights that would have been revealed by such inquiries, opinions or searches will be imputed to Parent; provided, however, that Parent shall be deemed to have actual knowledge of any such opinions of counsel conducted or obtained directly by Parent.

“Law” means any law, statute, ordinance, rule, regulation, code, order, judgment, injunction, decree, directive, policy, guideline, ruling, approval or other requirement or rule of law enacted, issued, promulgated, enforced or entered by a Government Authority.

“Leased Properties” has the meaning set forth in Section 3.12(a).

“Leases” has the meaning set forth in Section 3.12(a).

“Liabilities” means any/or all (as applicable from the context) debt, liability or obligation of any kind whatsoever, whether known or unknown, asserted or unasserted, determined or determinable, absolute or contingent, liquidated or unliquidated, accrued or unaccrued and whether due or to become due.

“Losses” means any damages, losses, claims, demands, actions, suits, proceedings, payments, liabilities, charges, interest, fines, judgments, penalties and out-of-pocket costs and expenses (including reasonable fees and out-of-pocket expenses of outside legal counsel), whether or not involving a Third-Party Claim.

“Material Indebtedness” has the meaning set forth in Section 3.4.

“MCC Target Companies” means the Target Companies listed on Schedule 1.1(g).

“Net Asset Value” means, as of and for any Closing, the aggregate amount (in U.S. Dollars) of the assets and property of the Subject Companies (which, for the avoidance of doubt, shall not include any asset attributable to a right to receive refunds in respect of Taxes or VAT to which Purchaser or any of its Affiliates is entitled pursuant to the 2006 Agreements) *minus* the aggregate amount of the Liabilities of the Subject Companies, in each case that are required to be set forth on a balance sheet of each respective Subject Company prepared in accordance with the Agreed Accounting Principles. Notwithstanding the foregoing, Net Asset Value shall not give effect to purchase accounting or any other adjustments relating to the sale of the Target Equity Interests contemplated by this Agreement or the conduct by Purchaser following a Closing of the business operated by the Subject Companies.

“Net Deferred Tax Asset” shall mean the aggregate of the deferred tax assets and deferred tax liabilities (which aggregate shall not be reduced by the amount of any reserve for contingent tax liabilities maintained under FAS 5, FIN 48 or any successor or similar accounting principle) (net of any valuation allowance) of the Target Companies taken into account in calculating Net Asset Value based on the more recent of (i) the September 30 Financials, (ii) the Estimated Closing Statements, and (iii) the Final Closing Statements of the Target Business Segments.

“Net Derivative Value” means, with respect to any Closing, the sum (which may be positive or negative) of (i) the positive or negative aggregate value (including the value of any deferred cost associated therewith) of each outstanding Subject Trust Derivative plus (ii) the positive or negative aggregate value (including the value of any deferred cost associated therewith) of each outstanding Subject Transferred Derivative plus (iii) the Purchaser Derivative Termination Obligations incurred in connection with such Closing; it being understood that the values calculated pursuant to clauses (i) and (ii) shall be calculated pursuant to the Agreed Derivative Valuation Principles.

“Non-Approved Company” has the meaning set forth in Section 2.9(a).

“Non-Compete Term” has the meaning set forth in Section 5.15(a).

“Non-Indemnifiable Tax Representations” means the representations and warranties set forth in Section 3.8(a) through and including (h), (n), (q), (r), (t), (u), clause (iv) of Section 3.8(l), clauses (a) and (b) on Schedule 3.8(v) (France) and clause (f) on Schedule 3.8(w) (Germany).

“Notice” has the meaning set forth in Section 10.1(a).

“OFAC” means the Office of Foreign Assets Control, within the U.S. Department of Treasury.

“Old Plans” has the meaning set forth in Section 5.11(d).

“Outside Date” has the meaning set forth in Section 9.1(b).

“Owned Properties” has the meaning set forth in Section 3.12(a).

“Paid Purchase Price” means, as of any date, the cumulative amount of each Target Business Segment Purchase Price paid to Parent on or before such date.

“Parent” has the meaning set forth in the Preamble.

“Parent Benefit Plans” has the meaning set forth in Section 3.9(a).

“Parent Fundamental Representations” means Section 3.1(a) (Organization), Section 3.1(b) (Authorization), Section 3.1(c) (Binding Effect), Section 3.2 (other than clause (d) thereof) (*Equity Interests of the Target Companies*) and Section 3.21 (Finder's Fees).

“Parent Guarantees” has the meaning set forth in Section 5.12(b).

“Parent In-Process Marks” means the trademarks listed in Section 1.1(d) of Parent's Disclosure Letter which will be assigned to Parent on or prior to the applicable Closing Date.

“Parent Indemnified Persons” has the meaning set forth in Section 8.3(a).

“Parent Required Governmental Approvals” has the meaning set forth in Section 3.7.

“Parent Trademarks” means those trademarks listed on Section 1.1(e) of Parent's Disclosure Letter.

“Parties” means Parent, Purchaser and, solely for purposes of Section 5.3, Section 5.6, Section 5.14(b) and Article X, Purchaser Topco.

“Pension Plan” has the meaning set forth in Section 5.11(h).

“Permits” means licenses, permits, certificates, notifications, registrations and other authorizations and approvals that are issued by or obtained from any Government Authority.

“Permitted Encumbrances” means (i) Encumbrances for Taxes, assessments or governmental charges or levies not yet due and payable, or which although delinquent can be paid without penalty or interest, or are being contested in good faith by appropriate proceedings, and for which appropriate reserves have been established therefor in the Target Company Financial Information in accordance with GAAP, (ii) Encumbrances resulting from a precautionary filing by a lessor with respect to a lease, (iii) Encumbrances imposed by Law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings, (iv) purchase money security interests for the purchase or leasing of office equipment, computers, vehicles and other items of tangible personal property arising in the ordinary course of business consistent with past practice, (v) in the case of the Specified Properties, zoning, building, subdivision, environmental, entitlement or other land use regulations (including requirements for geo-referencing of rural properties' metes and bounds according to Brazilian Federal Law No. 10,267/2001 and the restrictions for acquisition of rural properties by foreign entities or Brazilian entities controlled by foreign Persons according to Brazilian Federal Law No. 5,709/71), (vi) in the case of the real property, easements, quasi-easements, encumbrances, licenses, covenants, rights-of-way, rights of re-entry or other restrictions and similar agreements, conditions or restrictions or Encumbrances that would be shown by a current title report or other similar report or listing or by a current survey or physical inspection, (vii) Encumbrances incurred in accordance with the terms of Securitization Transactions and (viii) any other Encumbrances that do not impair in any material respect, in each case, the ownership, operation, current use or value of the Target Companies, any Specified Property or any material asset of a Target Company.

“Person” means any individual, bank, corporation, general or limited partnership, association, limited liability company, business trust, branch, unincorporated organization or similar organization, whether domestic or foreign, or any Government Authority.

“Personal Data” means information or data relating to an identifiable individual.

“Post-Closing Period” means, with respect to a Target Company, each taxable period of the Target Company that begins after the applicable Closing Date and, in the case of a taxable period beginning on or before and ending after the applicable Closing Date, the portion of such period beginning after the applicable Closing Date.

“Pre-Closing Period” means, with respect to a Target Company, each taxable period of the Target Company that ends on or before the applicable Closing Date and, in the case of a taxable period beginning on or before and ending after the applicable Closing Date, the portion of such period through the end of the applicable Closing Date.



“Premium” means, with respect to (i) the Brazil Target Companies, \$53,000,000, (ii) with respect to the MCC Target Companies, the remainder of \$80,000,000 less the amount of any Deferred Premium, and (iii) with respect to the European Target Companies, \$0.

“Prohibited Person” means (i) any Person identified on OFAC's list of Specially Designated Nationals and Blocked Persons or targeted by an OFAC Sanctions Program; (ii) the government, including any political subdivision, agency, instrumentality, or national thereof, of any country against which the United States or any Target Jurisdiction targets through economic sanctions or embargoes; (iii) any Person acting, directly or indirectly, on behalf of, or an entity that is owned or controlled by, a Specially Designated National and Blocked Person or by a government or Person identified in clause (ii) above, or (iii) a Person on any other similar export control, terrorism, money laundering or drug trafficking related list administered by any Government Authority either within or outside the U.S. with whom it is illegal to conduct business pursuant to applicable Law.

“Purchaser” has the meaning set forth in the Preamble.

“Purchaser Benefit Plans” has the meaning set forth in Section 5.11(d).

“Purchaser Derivative Termination Obligations” means, with respect to any Closing, 50% of the out-of-pocket expenses incurred by Parent in connection with its efforts to terminate any Subject Rejected Derivative, and the non-realization of any deferred cost associated therewith; provided that in no event shall the aggregate amount of Derivative Termination Expenses payable at all Closings exceed \$10,000,000.

“Purchaser Fundamental Representations” means Section 4.1(a) (Organization), Section 4.1(b) (Authorization), Section 4.1(c) (Binding Effect), Section 4.4 (Finder's Fees) and Section 4.6 (Securities Law Compliance).

“Purchaser Indemnified Persons” has the meaning set forth in Section 8.2(a).

“Purchaser Material Adverse Effect” means, as of any particular date, any change, effect, event or occurrence that, individually or when considered in the aggregate with any other change, effect, event or occurrence, would be reasonably likely to materially and adversely impair the ability of Purchaser or any of Purchaser's Affiliates to perform its respective obligations under any of the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner.

“Purchaser Required Governmental Approvals” has the meaning set forth in Section 4.3.

“Purchaser Topco” has the meaning set forth in the Preamble.

“Receiving Party” has the meaning set forth in Section 5.6(b).

“Reference Closing Statement” means the statement attached as Schedule D.

“Rejected Derivative” means each AIM Derivative not identified by Purchaser in accordance with Section 5.23(a).

“Related Party” has the meaning set forth in Section 3.18.

“Related Party Contract” has the meaning set forth in Section 3.18.

“Relevant Transfer” has the meaning set forth in Section 3.10(f).

“Remaining Target Business Segments” means, as of any date, each Target Business Segment that has not been purchased and sold pursuant to an applicable Closing on or prior to such date.

“Representatives” means, with respect to any Person, such Person's Affiliates, directors, managers, officers, employees, legal or financial advisors, agents or other representatives, or anyone acting on behalf of them or such Person.

“Required Governmental Approvals” means the Purchaser Required Governmental Approvals and the Parent Required Governmental Approvals.

“Restricted Activity” has the meaning set forth in Section 5.15(a).

“Restricted Persons” has the meaning set forth in Section 5.15(a).

“Restricted Region” means, for any Target Business Segment, the jurisdictions identified in respect of such region on Schedule 1.1(h).

“Restricted Territory” has the meaning set forth in Section 5.15(a).

“Restructuring” means the transactions described in Section 1.1(f) of Parent's Disclosure Letter.

“Retention Agreements” has the meaning set forth in Section 5.11(e).

“Revised Statements” has the meaning set forth in Section 2.7.

“Run-Off Insurance” has the meaning set forth in Section 5.8(c).

“Sanctions Program” means an OFAC-administered economic sanctions program that targets threats to the U.S. national security, foreign policy or economy and pursuant to which targets are identified through legislation, by Executive Order and/or in the Foreign Assets Control Regulations, 31 CFR, Subtitle B, Chapter V.

“Scheduled Intellectual Property” has the meaning set forth in Section 3.14(a).

“Securities Act” means the Securities Act of 1933.

“Securitization Depositor” means the depositor, assignor, trustor, settlor, receivables trustee, seller or any similar role in any Securitization Transaction.

“Securitization Instruments” has the meaning set forth in Section 3.19(a).

“Securitization Issuing Entity” means any issuing entity in any Securitization Transaction.

“Securitization Originator” means, with respect to a Securitization Transaction, the entity that originated or otherwise acquired the assets securitized in such Securitization Transaction and directly or indirectly sold them to the related Securitization Depositor or Securitization Issuing Entity.

“Securitization Servicer” has the meaning set forth in Section 3.19(a).

“Securitization Transaction” means any transaction sponsored by any of the Target Companies under which any of the Target Companies have sold or pledged receivables in a securitization in which securities backed by, or other interest in, such receivables were sold and any of such securities or other interests remain outstanding.

“Sellers” means, with respect to any Target Equity Interests, those Persons listed in Part 2 of Schedule A as a “Seller” of such Target Equity Interests.

“Sibling Target Company” means any Target Company incorporated or organized in the same jurisdiction as a Non-Approved Company.

“Solvent” has the meaning set forth in Section 4.8.

“Specified Closing Date” has the meaning set forth in Section 2.5.

“Specified Contracts” has the meaning set forth in Section 3.15(a).

“Specified Jurisdiction” means Brazil, Germany, Mexico and the United Kingdom.

“Specified Jurisdiction Cap” means, with respect to any Specified Jurisdiction, an amount equal to 20% of the aggregate revenue for the year ended December 31, 2012 generated by the Target Companies, taken as a whole, located in such Specified Jurisdiction.

“Specified Properties” has the meaning set forth in Section 3.12(a).

“Straddle Period” has the meaning set forth in Section 7.11.

“Subject BG Derivative” means, with respect to any Closing, a BG Derivative entered into primarily relating to one or more Subject Companies.

“Subject Companies” means, with respect to any Closing, the Target Companies to be purchased and sold at such Closing.

“Subject Rejected Derivative” means, with respect to any Closing, a Rejected Derivative primarily relating to one or more Subject Companies.

“Subject Transferred Derivative” means, with respect to any Closing, a Transferred Derivative primarily relating to one or more Subject Companies.

“Subject Trust Derivative” means, with respect to any Closing, a Trust Derivative to which a Securitization Issuer primarily relating to one or more Subject Companies is a party.

“Subsidiary” means, for any Person, any other Person of which such first Person owns (either directly or through one or more other Subsidiaries) a majority of the outstanding Equity Interests or securities carrying a majority of the voting power in the election of the board of directors or other governing body of such other Person, and with respect to which entity such first Person is not otherwise prohibited contractually or by other legally binding authority from exercising control.

“Surviving Provisions” means Article I (Definitions and Terms), Section 5.6 (Confidentiality), Section 5.7 (Announcements), Section 8.8 (Exclusive Remedies), Article IX (Termination), and Article X (Miscellaneous).

“Target Business” means the business conducted by the Target Companies as of the date hereof.

“Target Business Segment” has the meaning set forth in the Recitals.

“Target Business Segment Purchase Price” has the meaning set forth in Section 2.2(a).

“Target Companies” means those Persons listed in Part 1 of Schedule A as a “Target Company.”

“Target Company Benefit Plans” has the meaning set forth in Section 3.9(a).

“Target Company Financial Information” has the meaning set forth in Section 3.3(a).

“Target Equity Interests” means all of the Equity Interests listed in Part 2 of Schedule A as “Target Equity Interests.”

“Target Guarantee” has the meaning set forth in Section 3.15(d).

“Target Jurisdiction” means any jurisdiction in which any Target Company is operating, located or incorporated or organized.

“Target Permits” has the meaning set forth in Section 3.11(b).

“Tax” and “Taxes” means (i) all federal, state, local, municipal or foreign taxes, customs duties and governmental levies of any kind whatsoever imposed by a Government Authority, including all income, gross receipts, capital, sales, services, use, financial transaction, insurance, ad valorem, VAT, business flat tax, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, contributions to public or governmental funds, investment grants or subsidies, social security contributions (including employer and employee national insurance contributions and contributions to *Instituto Mexicano del Seguro Social*), housing and retirement quotas or contributions (including *Instituto del Fondo Nacional de la Vivienda para los Trabajadores*), contributions to retirement savings funds (including *Sistema de Ahorro para el Retiro*), compulsory profit sharing with employees for (including *Participación de los Trabajadores en las Utilidades*), and unemployment, excise, severance, stamp, occupation, property and estimated taxes that are taxes, customs duties or levies imposed by a Government Authority, whether payable on the basis of a tax assessment or by direct payment, withholding, deduction or liability to account, (ii) any interest, additions, penalties or other incidental payments or ancillary charges with respect thereto and (iii) any liability in respect of any items described in clauses (i) or (ii) payable by reason of Contract, assumption, transferee or successor liability, operation of Law, Treasury Regulations Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise. “Tax Attribute” shall mean the net operating loss, foreign tax credit, tax basis in an asset or any similar tax characteristic or attribute of any of the Target Companies prior to the applicable Closing.

“Tax Claim” has the meaning set forth in Section 7.4(a).

“Tax Notice” has the meaning set forth in Section 7.4(a).

“Tax Returns” means any return, amended return or other report or notice (including elections, declarations, disclosures, schedules, estimates, claims for refund, tax audit reports (including

*dictámenes fiscales*) and information returns and any amendments thereto) filed or required to be filed with a Taxing Authority by Law with respect to any Tax and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes any Target Company and its Affiliates.

“Taxing Authority” means any Government Authority or other fiscal, revenue, customs and excise authority, body or official having jurisdiction over the assessment, determination, collection or imposition of any Tax.

“Third-Party Claim” has the meaning set forth in Section 8.4(a).

“Threshold” has the meaning set forth in Section 8.2(b).

“Title Corrections” has the meaning set forth in Section 5.9(e).

“Trademark License Agreement Amendment” means an amendment substantially in the form attached as Exhibit 4 to the Trademark License Agreement, together with such changes and other terms as the Parties may mutually agree.

“Transaction Documents” means this Agreement, the Transition Services Agreement, and the Transitional Trademark License Agreements, the Trademark License Agreement Amendment and the deliverables listed on Schedule B.

“Transfer In-Process Marks” means the Company In-Process Marks and the Parent In-Process Marks.

“Transfer Taxes” has the meaning set forth in Section 7.5.

“Transferred Derivatives” mean (i) all BG Derivative Transactions, and (ii) each AIM Derivative, if any, selected by Purchaser in accordance with Section 5.23(a).

“Transferred Employees” has the meaning set forth in Section 5.11(a).

“Transition Services Agreement” means a Transition Services Agreement substantially in the form attached as Exhibit 1, together with such changes and other terms as the Parties may mutually agree.

“Transitional Trademark License Agreements” means collectively, the Transitional Trademark License Agreements substantially in the form attached as Exhibit 2 with respect to Mexico and Exhibit 3 for each of the other countries in which a Target Company is sold, together with such changes and other terms as the Parties may mutually agree.

“Treasury Regulations” means the regulations prescribed under the Code.

“Trust Derivative” means any Derivative Transaction to which a Securitization Issuing Entity is a party.

“UK Target Companies” means the Target Companies listed on Schedule 1.1(i).

“VAT” means value added tax as provided for in Council Directive 2006/112/EC (or as implemented by any member state of the European Union) and any other tax of a similar nature, irrespective of the jurisdiction in which it is imposed.

“VATA” means the Value Added Tax Act 1994 of the United Kingdom.

“Virtual Data Room” means the virtual data room containing documents and information relating to, among other things, the Target Companies, the Target Business and the Target Equity Interests made available by Parent in electronic form to Purchaser and its Representatives.

Section 1.2 Interpretation.

- (a) Unless the context otherwise specifically requires:
- (i) the words “hereof,” “herein,” “hereby” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement;
  - (ii) all terms defined in the singular have a comparable meaning when used in the plural, and vice versa;
  - (iii) the terms “Dollars” and “\$” mean United States Dollars;
  - (iv) references to words of inclusion herein shall not be construed as terms of limitation, and thus references to “included” matters or items shall be regarded as non-exclusive, non-characterizing illustrations;
  - (v) the words “or” and “nor” shall not be exclusive;
  - (vi) references herein to either gender shall include the other gender;
  - (vii) references to this Agreement shall include Parent's Disclosure Letter, Purchaser's Disclosure Letter, the Preamble and any Recitals, Schedules and Exhibits to this Agreement;
  - (viii) references herein to the Preamble or to any Recital, Article, Section, Subsection, Exhibit or Schedule shall refer, respectively, to the Preamble or to a Recital, Article, Section, Subsection, Exhibit or Schedule to this Agreement;
  - (ix) references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and all references to any section of any statute, rule or regulation include any successor to the section;
  - (x) references to any Government Authority include any successor to such Government Authority;
  - (xi) references to any agreement or other document are to such agreement or document as amended, modified, supplemented or replaced in accordance with its terms from time to time;
  - (xii) references to books, records or other information mean books, records or other information in any form including paper, electronically stored data, magnetic media, film and microfilm;

(xiii) references to a time of day are, unless otherwise specified, references to New York City time;

(xiv) references to “made available” (or words of similar import) in respect of information made available (or words of similar import) by Parent mean any information made available to Purchaser (including any information made available prior to the date hereof in the Virtual Data Room);

(xv) references herein to Parent making available, or having made available, a “complete” copy of any document shall mean that Parent makes available, or has made available, a copy of the entire text of such document, including any material amendments or modifications thereto or thereof; and

(xvi) references to writing shall include any mode of reproducing words in a legible and non-transitory form.

(b) The table of contents and headings contained in this Agreement are for reference purposes only and do not limit or otherwise affect any of the provisions of this Agreement.

(c) No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel.

(d) Whenever a provision of this Agreement provides that an action is to be effected as of, on or by a certain date, and such date is not a Business Day, this Agreement shall be read so that such action is required to be effected as of, on or by (as applicable) the next succeeding Business Day.

## ARTICLE II SALE AND PURCHASE OF THE TARGET EQUITY INTERESTS

Section 2.1 Sale and Purchase of the Target Equity Interests. On the terms and subject to the conditions set forth herein, at each Closing, Parent shall cause each applicable Seller to sell, transfer and deliver to Purchaser, free and clear of any Encumbrances other than any restrictions arising under applicable Law and the Constituent Documents of the Target Companies, and Purchaser shall purchase and receive from each applicable Seller, all of such Seller's right, title and interest in and to the Target Equity Interests in each Subject Company owned by such Seller.

### Section 2.2 Purchase Price.

(a) The aggregate purchase price for each Target Business Segment (each, a “Target Business Segment Purchase Price”) shall be an amount in respect of such Target Business Segment equal to (i) the Closing Payment in respect of such Target Business Segment, plus (ii) the Adjustment Amount in respect of such Target Business Segment, plus (iii) in the case of the European Target Companies, any Holdback Amount actually paid. Each Target Business Segment Purchase Price shall be payable and subject to adjustment as provided herein. The Purchase Price shall be inclusive of any applicable VAT (howsoever arising), and neither Parent nor any Seller (on the one hand) nor Purchaser nor any Affiliate of Purchaser (on the other hand) shall exercise any option or right

available to it under applicable Law to voluntarily qualify any of the transactions contemplated hereunder as a taxable transaction for VAT purposes.

(b) No later than seven Business Days prior to each Closing Date, Parent shall deliver to Purchaser an Estimated Closing Statement relating to the Target Business Segment(s) that will be the subject of such Closing Date. Purchaser shall have an opportunity to review each Estimated Closing Statement and shall be provided reasonable access to the books, records and other relevant information of Parent and its Representatives to the extent reasonably necessary to review such Estimated Closing Statement.

### Section 2.3 Purchase Price Adjustment.

(a) As soon as reasonably practicable, following each Closing Date, Purchaser shall prepare, or shall cause to be prepared, a Final Closing Statement for each Target Business Segment that is the subject of such Closing and a certificate of the chief financial officer directly overseeing the Target Companies comprising such Target Business Segment certifying that the Final Closing Statement was prepared in accordance with the Agreed Accounting Principles and engage Deloitte and Touche LLP (or such other registered public accounting firm of international reputation which is mutually acceptable to Parent and Purchaser) (the “Accounting Expert”) to (i) audit the Final Closing Statement and issue a report thereon, and (ii) certify in writing to Parent and Purchaser that such audit was conducted in accordance with the terms hereof, and Purchaser shall cause such report and such certificate to be produced no later than 120 days following each Closing Date. The Accounting Expert shall be provided reasonable access to the books, records and other relevant information of the Target Companies, Purchaser, Parent and their respective Representatives, to the extent necessary to complete its audit of the Final Closing Statement, and Purchaser and Parent shall, and shall cause their Representatives (including the Subject Companies) to, make reasonably available their respective personnel directly responsible for and knowledgeable about the information to be used in, and reasonably necessary for the preparation of, such Final Closing Statement and in order to respond to inquiries made by the Accounting Expert, and Purchaser shall cause the Subject Companies to prepare and deliver customary management representation letters as may be requested by the Accounting Expert. Parent shall be provided reasonable access to the books, records and other relevant information of the Target Companies, Purchaser, and their respective Representatives (including the working papers of Parent and the Accounting Expert in connection with the preparation and audit of the applicable Final Closing Statement), and Purchaser and Parent shall, and shall cause their Representatives (including the Subject Companies) to, make reasonably available their respective personnel directly responsible for and knowledgeable about the information to be used in the Final Closing Statement in order to respond to inquiries made by Parent. The Final Closing Statement shall be final and binding and shall be used in determining the Adjustment Amount, absent manifest error. The fees and expenses of the Accounting Expert shall be borne by Parent.

(b) Within five Business Days of the delivery of the report on any Final Closing Statement in respect of any Target Business Segment by the Accounting Expert, to the extent that the applicable Estimated Net Asset Value is not equal to the applicable Final Net Asset Value:

(i) if the applicable Estimated Net Asset Value is greater than the applicable Final Net Asset Value, Parent shall cause the Sellers to pay promptly to Purchaser an amount equal to the absolute value of the Adjustment Amount, by wire transfer of immediately available funds to one or more accounts designated by Purchaser; and



(ii) if the Estimated Net Asset Value is less than the Final Net Asset Value, Purchaser shall pay promptly to the Sellers an amount equal to the absolute value of the Adjustment Amount, by wire transfer of immediately available funds to one or more accounts designated by Parent.

(c) The Parties agree that any such payment pursuant to this Section 2.3 shall be treated as an adjustment to the applicable Target Business Segment Purchase Price for the applicable Target Equity Interests for Tax purposes.

(d) One Business Day prior to any Closing, or such other time and date as the Parties may agree, Parent shall deliver to Purchaser a statement setting forth the Net Derivative Value in respect of such Closing. The Net Derivative Value calculation delivered by Parent to Purchaser shall be final and binding, absent manifest error.

Section 2.4 Holdbacks. In the event that the Closing Payment at the Closing in respect of any European Target Company is reduced by any Holdback Amount, then, as deferred purchase price payments in respect of the European Target Companies, at each subsequent Closing (if any), an amount in Dollars equal to the Holdback Amount in respect of the Target Business Segment(s) that is the subject of such subsequent Closing shall be payable by wire transfer in immediately available funds to one or more accounts designated by Parent.

Section 2.5 Closing. The sale and purchase of the Target Equity Interests in each Target Business Segment will take place at a closing (each, a "Closing") to be held at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York, at 10:00 a.m., New York City time, on (a) in the case of the European Target Companies and the MCC Target Companies the first Business Day of the calendar month following the calendar month in which the last of the conditions set forth in Article VI has been satisfied or waived (other than those conditions that, by their terms, are to be satisfied on such Closing Date, but subject to the satisfaction of those conditions) with respect to such Target Business Segment; provided, however, that in the event that the last of the conditions set forth in Article VI has been satisfied or waived (other than those conditions that, by their terms, are to be satisfied on such Closing Date, but subject to the satisfaction of those conditions) with respect to any Target Business Segment composed of the European Target Companies or the MCC Target Companies in the month of February, May, August or November of any year, then the Closing in respect of such Target Business Segment shall occur on the first Business Day of the second calendar month following such calendar month; (b) in the case of the Brazilian Target Companies, the first Business Day of the next fiscal quarter following the fiscal quarter in which the last of the conditions set forth in Article VI has been satisfied or waived (other than those conditions that, by their terms, are to be satisfied on the Closing Date, but subject to the satisfaction of those conditions) with respect to the Brazilian Target Companies; or (c) on such other date or at such other time and place as the Parties may mutually agree (any such date contemplated by (a), (b) or (c), a "Specified Closing Date"); provided, further, however, that in the event that, at any Closing, one or more Deferred Target Companies would be excluded from such Closing, Parent shall have the right, in its sole discretion, to postpone the Closing in respect of any Target Business Segment by delivering written notice to Purchaser informing Purchaser of its decision to postpone the Closing in respect of such Target Business Segment until the earliest to occur of (x) the first Specified Closing Date at which none of the Target Companies in such Target Business Segment would be Deferred Target Companies, (y) the last Specified Closing Date that is 120 or fewer days after the date that the last of the conditions set forth in Article VI has been satisfied or waived (other than those conditions that, by their terms, are to be satisfied on such

Closing Date, but subject to the satisfaction of those conditions) with respect to such Target Business Segment and (z) any other Specified Closing Date identified by Parent in a subsequent written notice delivered to Purchaser. In no case shall the Closing in respect of any Target Business Segment occur prior to April 1, 2013. For the avoidance of doubt, the Closings associated with the three Target Business Segments may occur on three separate dates. Each Closing shall be deemed to be effective as of 12:01 a.m., New York City time, on the first calendar day of the calendar month in which such Closing occurs.

Section 2.6 Closing Deliverables.

(a) At each Closing, Purchaser shall deliver, or cause to be delivered, to Parent the following:

(i) an amount in Dollars equal to the sum of (A) the applicable Closing Payment plus (B) the applicable Net Derivative Value, by wire transfer in immediately available funds, to one or more accounts that have been designated by Parent at least two Business Days prior to the applicable Closing Date;

(ii) if the Closing in respect of the European Target Companies has previously occurred, an amount in Dollars equal to the applicable portion of the Holdback Amount payable, by wire transfer in immediately available funds, to one or more accounts that have been designated by Parent at least two Business Days prior to the applicable Closing Date;

(iii) to the extent applicable, funds in an amount and of a type sufficient to satisfy Purchaser's obligations with respect to the repayment of Intercompany Loans set forth in Section 5.17;

(iv) the deliverables listed on Schedule B for which Purchaser or any of its Affiliates is responsible to the extent they relate to the Subject Companies;

(v) reasonable evidence that all Purchaser Required Governmental Approvals have been obtained;

(vi) the certificate referred to in Section 6.3(c); and

(vii) such other customary instruments of transfer or assumption, in each case in form and substance reasonably satisfactory to Parent, as may be reasonably required to give effect to the Transaction Documents to the extent they relate to such Closing.

(b) At each Closing, Parent shall deliver, or cause to be delivered, to Purchaser the following:

(i) the deliverables listed on Schedule B for which Parent or any of its Affiliates is responsible, to the extent they relate to the Subject Companies;

(ii) the certificate referred to in Section 6.2(c);

(iii) the certificates referred to in Section 6.2(d), to the extent they relate to the Subject Companies;

- (iv) reasonable evidence that all Parent Required Governmental Approvals have been obtained;
  - (v) subject to applicable Law, the resignations, effective as of such Closing, of all directors and officers of the Subject Companies, except for such individuals who are Continuing Employees;
  - (vi) executed assignments of Parent's right, title and interest in and to the Company In-Process Marks applicable to the Target Companies involved in such Closing; and
  - (vii) such other customary instruments of transfer or assumption, in each case in form and substance reasonably satisfactory to Purchaser, as may be reasonably required to give effect to the Transaction Documents to the extent they relate to such Closing.
- (b) At the first Closing to occur, Parent and Purchaser shall deliver, or cause to be delivered, to the other duly executed counterparts to each of the Transaction Documents (other than this Agreement) to which it or any of its Affiliates is a party.

Section 2.7 Purchase Price Allocation. Within 120 days following each Closing Date, Purchaser shall prepare (or cause to be prepared) and deliver to Parent a schedule (the "Allocation Schedule") allocating the applicable Target Business Segment Purchase Price and other amounts payable and liabilities assumed pursuant to this Agreement or otherwise treated as consideration for U.S. federal income tax purposes among the Target Companies that comprise the Target Business Segment, and (ii) the amounts allocated to each Target Company included in such Target Business Segment and listed on Section 3.8(i) of Parent's Disclosure Letter that is treated as a "partnership" or "disregarded entity" for U.S. federal income tax purposes among the assets of such Target Company. Thereafter, Purchaser shall provide Parent from time to time revised copies of the Allocation Schedule (the "Revised Statements") so as to report any matter on the Allocation Schedule that needs updating (including adjustments to any Target Business Segment Purchase Price, if any). The Allocation Schedule and the Revised Statements shall be prepared in accordance with Section 1060 of the Code and the Treasury Regulations thereunder. If a change proposed by Parent is disputed by Purchaser, then Purchaser and Parent shall negotiate in good faith to resolve such dispute. If Purchaser and Parent are unable to resolve any dispute, then Purchaser and Parent may allocate the Target Business Segment Purchase Price with respect to the disputed item as each sees fit.

Section 2.8 Withholding. Notwithstanding any other provision of this Agreement, and for the avoidance of doubt, (a) each payment made by Purchaser or any Affiliate of Purchaser pursuant to this Agreement shall be made net of any Taxes required by applicable Law to be deducted or withheld from such payment (and any Taxes arising in connection with the remittance of such withheld amounts to the appropriate Government Authority) and (b) any amounts deducted or withheld from any such payment shall be remitted to the applicable Taxing Authority and shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such withholding was required, provided that Purchaser shall provide within 60 days of such payment by Purchaser or its Affiliate under this Agreement the original as a certified copy of a receipt issued by the Governmental Authority evidencing the payment of such Taxes, a copy of the return reporting the payment of such Taxes, or other evidence of such payment reasonably satisfactory to Parent; provided, however, that if Purchaser causes a Target Company to be acquired at an applicable Closing by a Person organized or having a fiscal residence in a jurisdiction other than one of the jurisdictions set forth opposite the jurisdiction of such Target Company on Schedule 2.8, or if Purchaser causes a

Target Company to be acquired at an applicable Closing by a branch or permanent establishment located in a jurisdiction other than one of the jurisdictions set forth opposite the jurisdiction of such Target Company on Schedule 2.8, in each case, then Purchaser shall be responsible for any withholding tax arising as a result of such acquisition that exceeds the withholding tax that would have been imposed had such acquisition been effected by a Person organized and having a fiscal residence in one of the jurisdictions set forth opposite the jurisdiction of such Target company on Schedule 2.8. The Parties hereby acknowledge and agree that Purchaser and the Brazilian Target Companies shall (a) be entitled to rely on the Brazilian Withholding Taxes Calculations and (b) provide, if and to the extent required by Brazilian Law, information regarding the capital gain taxes to the Brazilian Government Authority (as calculated and described in the Brazilian Withholding Taxes Calculations).

#### Section 2.9 Deferred Closings.

(a) Subject to the second proviso set forth in Section 2.5, if, at any time and from time to time, all of the conditions to a Closing with respect to a Target Business Segment specified in Article VI other than Section 6.1(a) are satisfied or have been waived (other than those which, by their nature, are to be satisfied at the Closing) and at such time Section 6.1(a) has not been satisfied solely as a result of the absence of Required Governmental Approvals relating to one or more Target Companies (each such Target Company, a “Non-Approved Company”) in such Target Business Segment that together with any other Non-Approved Companies and any Sibling Target Companies constitute De Minimis Target Companies (“Deferred Target Companies”), then (subject to the remaining provisions of this Section 2.9), an initial Closing shall occur with respect to all Target Companies in such Target Business Segment for which Section 6.1(a) has been satisfied (assuming at such time that all other conditions to Closing specified in Article VI in fact are satisfied or waived). The closing of the transactions contemplated hereby (a “Deferred Closing”) with respect to each Deferred Target Company shall be deferred until the first Specified Closing Date on which all of the conditions described in Section 2.9(c) and Section 2.9(d) are satisfied or waived (a “Deferred Closing Date”) with respect to such Deferred Target Company.

(b) The obligation of Purchaser to consummate any Deferred Closing shall be subject to the fulfillment, at or prior to the date of the applicable Deferred Closing, of each of the following conditions:

(i) all Required Governmental Approvals relating to such Deferred Target Company shall have been made or obtained, and any applicable waiting periods relating thereto shall have expired or been terminated early;

(ii) there shall be no Law in effect enjoining or otherwise prohibiting such Deferred Closing and no pending lawsuits, actions or proceedings to enjoin or otherwise prohibit such Closing shall have been commenced by any Government Authority or other Person;

(iii) the covenants and agreements of Parent set forth in this Agreement to be performed at or prior to such Deferred Closing shall have been duly performed in all material respects to the extent that they relate to such Deferred Target Company; and

(iv) the closing condition set forth in Section 6.2(a) shall have been satisfied or waived with respect to such Deferred Target Companies that are the subject of such Deferred Closing, except that each reference in Section 6.2(a) to “Target Business Segment” shall refer to the group of Deferred Target Companies that are the subject of such Deferred Closing.

(c) The obligation of Parent to consummate any Deferred Closing shall be subject to the fulfillment, at or prior to the date of the applicable Deferred Closing, of each of the following conditions:

(i) all Required Governmental Approvals relating to such Deferred Target Company shall have been made or obtained, and any applicable waiting periods relating thereto shall have expired or been terminated early;

(ii) there shall be no Law in effect enjoining or otherwise prohibiting such Deferred Closing and no pending lawsuits, actions or proceedings to enjoin or otherwise prohibit such Closing shall have been commenced by any Government Authority or other Person;

(iii) the covenants and agreements of Purchaser set forth in this Agreement to be performed at or prior to such Deferred Closing shall have been duly performed in all material respects to the extent that they relate to such Deferred Target Company; and

(iv) the closing condition set forth in Section 6.3(a) shall have been satisfied or waived with respect to such Deferred Target Companies that are the subject of such Deferred Closing, except that each reference in Section 6.3(a) to “Target Business Segment” shall refer to the group of Deferred Target Companies that are the subject of such Deferred Closing.

(d) No later than three Business Days prior to each Deferred Closing Date, Parent shall deliver to Purchaser an Estimated Closing Statement relating to the Deferred Target Companies that will be the subject of such Deferred Closing Date. Purchaser shall have an opportunity to review each Estimated Closing Statement and shall be provided reasonable access to the books, records and other relevant information of Parent and its Representatives to the extent reasonably necessary to review such Estimated Closing Statement.

(e) At each Deferred Closing, if any, (i) Purchaser shall deliver to Parent any of the documents or other deliverables required to be delivered by Parent pursuant to Section 2.6 to the extent related to the Deferred Target Company and not previously delivered to Parent at an earlier Closing (including any amounts payable pursuant to Section 2.6(a)(i)) and (ii) Parent shall deliver to Purchaser any of the documents or other deliverables required to be delivered by Parent pursuant to Section 2.6 to the extent related to the Deferred Target Company and not previously delivered to Purchaser at a previous Closing.

(f) Unless the context otherwise clearly requires, references in this Agreement (i) to “Closing”, “Closing Date”, “Subject Company” and “Target Business Segment” shall, with respect to any Deferred Target Company, be deemed to refer to the applicable Deferred Closing, Deferred Closing Date, Deferred Target Company or Deferred Target Companies, respectively and (ii) “Closing Payment” shall, with respect to any Deferred Target Company, be deemed to refer to the sum of (A) the Estimated Net Asset Value in respect of such Deferred Target Company and (B) the Deferred Premium in respect of such Deferred Target Company.

(g) Following each Deferred Closing Date, each Party shall take all actions contemplated to be taken by it in connection with a Closing Date pursuant to Section 2.3.

(h) In respect of each Deferred Target Company, Parent and the Purchaser shall continue to comply, to the extent reasonably practicable, through the applicable Deferred Closing Date, with all covenants and agreements contained in this Agreement that are required by their terms to be performed prior to the Closing relating to the extent related to such Deferred Target Company.

SECTION III  
REPRESENTATIONS AND WARRANTIES OF PARENT

Except as set forth in Parent's Disclosure Letter, Parent represents and warrants to Purchaser, as of the date hereof and as of each Closing Date (with respect to the Subject Companies at such Closing Date) (or in the case of representations and warranties that speak of a specified date, as of such specified date), as follows (it being understood that the following representations and warranties are made assuming that the Restructuring has been completed in full):

Section 3.1 Organization, Authorization, Enforceability, Non-Contravention.

(a) *Organization.* Parent is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Delaware. Each other Seller is a corporation or other organization duly organized, validly existing and in good standing (or the equivalent, if any, in the applicable jurisdiction) under the laws of its respective jurisdiction of incorporation or organization. Each Target Company is a corporation or other organization duly organized, validly existing and in good standing (or the equivalent, if any, in the applicable jurisdiction) under the laws of its respective jurisdiction of incorporation or organization and has the requisite corporate or other organizational power to own, operate or lease the properties and assets owned, operated or leased by it and to conduct its business as presently conducted, except, in each case, where the failure to be so qualified or in good standing would not have a Company Material Adverse Effect.

(b) *Authorization.* Parent and each of its Affiliates that is a party to any of the Transaction Documents has the requisite corporate or other organizational power and authority to execute and deliver each of the Transaction Documents to which it is a party and to perform its obligations under, and consummate the transactions contemplated by, each such Transaction Document. The execution, delivery and performance of this Agreement by Parent has been duly and validly authorized by all necessary corporate action on the part of Parent. The execution, delivery and performance of each of the Transaction Documents (other than this Agreement) to which Parent or any of its Affiliates is (or is contemplated to be) a party have been, or prior to the Closing at which such Transaction Document is to be executed will have been, duly and validly authorized by all necessary corporate or other action on the part of such Person.

(c) *Binding Effect.* This Agreement has been, and each other Transaction Document will be at the Closing at which such Transaction Document is to be executed, duly executed and delivered by Parent or those of its Affiliates that are (or are contemplated to be) party thereto. This Agreement is a legal, valid and binding obligation of Parent enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. Each of the Transaction Documents other than this Agreement to which Parent or any of its Affiliates is or will be a party, when executed and delivered by such Person, will be legal, valid and binding obligations of such Person enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) *Non-Contravention*. Assuming the receipt of all Required Governmental Approvals, and the expiration of any related waiting periods, the execution, delivery and performance of each of the Transaction Documents to which Parent or any of its Affiliates is a party by such Person, and the consummation by such Person of the transactions contemplated by the Transaction Documents, will not (i) violate or conflict with any provision of the Constituent Documents of such Person, (ii) violate or conflict with any Law or Permit applicable to such Person, other than violations of Law or any Permit that would not materially impair the ability of the Target Companies, taken as a whole, to conduct the Target Business in substantially the manner it is conducted as of the date hereof, or (iii) constitute a breach or default (or event which, with the giving of notice or the lapse of time, would constitute a breach or default) under, or give any third party (with or without the giving of notice, the passage of time or otherwise) any rights of termination, acceleration, prepayment, redemption or cancellation of, or give rise to any loss of a material benefit or obligation to make a payment under, or result in the creation of any Encumbrance (other than Permitted Encumbrances) on any of the assets, properties or Equity Interests of any of the Target Companies pursuant to, any Contract to which any Target Company is a party or by which any Target Company's properties or assets may be bound (other than any Contract to which any Affiliate of Purchaser Topco or Purchaser is a party), any Government Order to which any Target Company is a party or any Securitization Instrument, except in case of clause (iii), for any such breaches, terminations, accelerations, cancellations, losses or Encumbrances that would not have a Company Material Adverse Effect.

### Section 3.2 Equity Interests of the Target Companies.

(a) Schedule A sets forth a complete list of each of the Target Companies and sets forth the designation and par value, if applicable, and the number of authorized, issued and outstanding Equity Interests of each of the Target Companies, and the percentage ownership interest of any Seller or other Target Company in each Target Company. Each Seller legally or beneficially owns, directly or indirectly, all of the respective Equity Interests set forth opposite its name in Part 2 of Schedule A free and clear of any Encumbrances, except for transfer restrictions arising under applicable securities Laws. Each Target Company legally or beneficially owns, directly or indirectly, all of the respective Equity Interests in the other Target Companies set forth opposite its name in Part 1 of Schedule A free and clear of any Encumbrances, except for restrictions arising under applicable securities Laws.

(b) All the Target Equity Interests have been duly authorized and validly issued and are fully paid and were not issued in violation of any preemptive or other similar right. There are no outstanding options, warrants, rights of conversion, exchange or purchase or any similar rights in respect of any Equity Interests in any of the Target Companies. There are no agreements or understandings outstanding with respect to the issuance, voting, sale or transfer of any Equity Interests in any of the Target Companies (except for this Agreement).

(c) No Target Company owns, beneficially, directly or indirectly, any Equity Interests of any Person other than another of the Target Companies. None of the Target Companies has any registered branches (*Niederlassungen*) or non-registered offices (*Geschäftsräume*), except as set forth in Section 3.2(c) of the Parent's Disclosure Letter.

(d) As of the date hereof, to Parent's Knowledge, no Government Authority owns, directly or indirectly, any Equity Interest of any Target Company

Section 3.3 Target Company Financial Information.

(a) Subject to such exceptions and qualifications as may be reflected in such financial information, the unaudited financial statements as of and for the years ended December 31, 2010 and 2011 and the nine-month period ended September 30, 2012 of the Target Companies included in Section 3.3(a) of the Parent Disclosure Letter (collectively, the “Target Company Financial Information”) were prepared in accordance with the Agreed Accounting Principles consistently applied and present fairly, in all material respects, the combined financial position and results of operations of such Persons for the periods and as of the dates indicated therein.

(b) The Target Company Financial Information has been derived from the books of account (including the financial records) of the Target Companies and Parent. Such books of account (including the financial records) (i) of each Target Company have been maintained in accordance with the Agreed Accounting Principles in all material respects and (ii) of Parent, to the extent used to derive the Target Company Financial Information, have been maintained in accordance with Parent's accounting policies in all material respects.

(c) Each of the Target Companies is subject to Parent's system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act). No significant deficiencies or material weaknesses in the design or operation of Parent's system of internal control over financial reporting were identified in Parent's most recent assessment that would be reasonably likely to adversely affect the Target Companies' ability to record, process, summarize and report financial information and such recent assessment did not identify any instances of fraud, whether or not material, that involves management or other employees who have a significant role in the Target Companies' internal control over financial reporting.

(d) Each of the Target Companies is Solvent, and none of them has been declared bankrupt.

Section 3.4 No Undisclosed Liabilities. Except (i) as set forth in the Target Company Financial Information, (ii) for Liabilities incurred by the Target Companies since September 30, 2012 in the ordinary course of their respective businesses, consistent with past practice, (iii) for Liabilities for Taxes and (iv) for Liabilities that are not material to (A) the Target Companies, taken as a whole, or (B) any Target Business Segment, taken as a whole, there are no Liabilities of the Target Companies. Section 3.4 of Parent's Disclosure Letter sets forth a true and correct listing of all material outstanding indebtedness for borrowed money as of October 31, 2012 ( “Material Indebtedness”) of each Target Company.

Section 3.5 Absence of Changes. Except as contemplated by the Transaction Documents, since December 31, 2011, (a) except for the redirection of effort by executives, employees and agents of the Parent and its Affiliates in connection with the sale processes for the Target Companies and the other international operations of Parent and its Affiliates, the consummation of transactions resulting from said sale processes and the incurrence of expenses and obligations under transaction agreements and in matters related thereto, the Target Companies have operated their respective businesses in the ordinary course, consistent with past practice, (b) there has not been any change, effect, event or occurrence that has had or would, individually or in the aggregate, have a Company Material Adverse Effect and (c) none of the Target Companies has taken any action that would have been prohibited by Section 5.1(a)(i), (ii), (iii), (iv), (v), (vi), (ix), (x), (xiii), (xiv), (xix) or (xx) if taken after the date of this Agreement.



Section 3.6 No Litigation. There is no Action by any Person pending or, to Parent's Knowledge, threatened against the Sellers or the Target Companies that, in any of the foregoing cases, would be reasonably likely to result in (a) monetary damages, injunctive action or the taking of any other action that would, individually or in the aggregate, be reasonably likely to be material to (i) the Target Companies, taken as a whole, or (ii) any Target Business Segment, taken as a whole, or (b) criminal liability or sanctions. There are no unsatisfied or outstanding Government Orders against the Sellers in relation to the Target Business or any of the Target Companies or against any of the properties or businesses of the Target Companies that would, individually or in the aggregate, be reasonably likely to be material to (i) the Target Companies, taken as a whole, or (ii) any Target Business Segment, taken as a whole.

Section 3.7 Approvals. Other than the authorizations, waivers, consents, approvals, filings, registrations and notices as set forth in Section 3.7 of Parent's Disclosure Letter (collectively, the "Parent Required Governmental Approvals"), neither Parent nor any of its Affiliates is required to (i) obtain any authorization, waiver, consent or approval of, (ii) make any filing or registration with, or (iii) give any notice to, any Government Authority in connection with or as a condition to the execution, delivery and performance of any of the Transaction Documents or the consummation of the transactions contemplated thereby, other than (1) any authorization, waiver, consent, approval, filing, registration or notice the failure of which to obtain, make or give would not be reasonably likely to materially impair the ability of (x) the Target Companies, taken as a whole, or (y) any Target Business Segment, taken as a whole, in each case, to conduct their business in the manner it is conducted as of the date hereof, or (2) as would be required solely as a result of the identity or regulatory status of Purchaser or its Affiliates. To Parent's Knowledge, as of the date hereof, no event has occurred nor has any circumstance arisen that would reasonably be likely to result in the failure of any Parent Required Governmental Approvals to be received in a timely manner in order to permit the consummation of the transactions contemplated by this Agreement.

Section 3.8 Taxes.

(a) Since November 30, 2006, all Tax Returns (other than Tax Returns that, if properly prepared and filed, would involve an immaterial amount of Tax) that are required to be filed under applicable Laws on or before the applicable Closing Date (taking into account any extensions of time in which to file) by, on behalf of or with respect to any of the Target Companies have been or will be duly and timely filed on or before the applicable Closing, and all such Tax Returns are true, complete and correct in all material respects.

(b) Since November 30, 2006, all material amounts of Taxes payable by or on behalf of each Target Company (including, for the avoidance of doubt, all deficiencies asserted or assessments made as a result of any examinations by any Taxing Authority) have been duly and timely paid, whether or not shown on a Tax Return.

(c) With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, each Target Company has made due and sufficient accruals for such Taxes in its financial statements in accordance with GAAP.

(d) Since November 30, 2006, all required estimated Tax payments sufficient to avoid any underpayment penalties or interest have been made by or on behalf of each Target Company.

(e) There are no Encumbrances as a result of any unpaid Taxes upon any of the assets of the Target Companies, other than Permitted Encumbrances.

(f) None of the Target Companies is a party to any audit, review, examination, investigation, Action, or proceeding for assessment or collection of an amount of Taxes that could exceed \$500,000.00, nor, since November 30, 2006, has such an event been threatened or announced, in each case in a written document delivered to any Target Company from a Taxing Authority. Since November 30, 2006, no material issue has been raised by a Taxing Authority in any prior audit, review, examination, investigation, action, dispute or proceeding for assessment or collection of Taxes of any Target Company which has resulted in a proposed deficiency that has been communicated to a Target Company in writing.

(g) No agreements, suspensions, consents or waivers of any statute of limitations or extension of time with respect to a Tax assessment or deficiency is in effect or has been requested in writing with respect to any Tax that reasonably could be expected to amount to \$500,000.00 or more in Taxes of any Target Company.

(h) Since November 30, 2006, each Target Company has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes and has timely withheld and paid to the appropriate Government Authority all material amounts of Taxes required to have been withheld and paid, including in connection with amounts paid or owing to any employee, creditor, independent contractor, consultant, shareholder, supplier or other third party.

(i) Section 3.8(i) of Parent's Disclosure Letter sets forth a complete list of each of the Target Companies and the proper classification for U.S. federal income tax purposes of each such Target Companies. Since the latter of November 30, 2006 and the dates of their respective formations, (i) each of the Target Companies has been and is treated for U.S. federal income tax purposes as indicated on Section 3.8(i) of Parent's Disclosure Letter, (ii) no Seller (or any of its Affiliates) has taken a position on any Tax Return contrary to such treatment or inconsistent therewith and (iii) no Taxing Authority has questioned such treatment in writing.

(j) Since November 30, 2006, no written claim has been made to Parent or its Affiliates by a Taxing Authority in a jurisdiction where any Target Company does not file Tax Returns that such Target Company is or may be subject to taxation by that jurisdiction.

(k) Since November 30, 2006, none of the Target Companies or any other Person with authority acting on their behalf (i) has agreed to or is required to make any adjustments pursuant to Section 481(a) of the Code or any similar provision of Law, has any Knowledge that any Taxing Authority has proposed any such adjustment, or has any application pending with any Taxing Authority requesting permission for any changes in accounting methods that relate to the Target Companies, (ii) has executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of Law with respect to any Target Company, or (iii) has granted to any Person any power of attorney that is currently in force with respect to any Tax matter.

(l) None of the Target Companies (i) is a party to any Tax sharing, allocation, indemnity or similar agreement or arrangement pursuant to which it will have any obligation to make any payments after the applicable Closing (other than any Tax sharing, allocation or indemnity within a Target Business Segment), (ii) is subject to any private letter ruling of the IRS or comparable rulings of or clearances issued by any other Taxing Authority, or has applied for any other Tax

rulings or clearances within the past three years (iii) is or has, since November 30, 2006, ever been a member of any consolidated, combined, affiliated, unitary or similar group of corporations for any Tax purposes other than a VAT group or a group where Parent or an Affiliate was the common parent or (iv) is or could be liable for Tax which is primarily or directly chargeable against or attributable to a person other than the relevant Target Company, or which is charged by reference to the income or gains of another person (other than Taxes chargeable against or attributable, or which is charged by reference to the income or gain of, another Target Company within the same Target Business Segment that is being acquired in the applicable Closing). To Parent's Knowledge, there are or have been no facts or other circumstances which have led or may lead to an invalidity, cancellation or removal of a binding Tax ruling or a similar clearance of any Taxing Authority granted to any of the Target Companies.

(m) None of the Target Companies will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the applicable Closing Date with respect to income that was realized (and reflects economic income arising) prior to the applicable Closing Date, but after November 30, 2006, including as a result of (i) an installment sale or open transaction disposition made on or prior to the applicable Closing Date, (ii) any prepaid amount received or deferred revenue recognized on or prior to the applicable Closing Date.

(n) Sellers have made available to Purchaser complete copies of (i) all filed Tax Returns of the Target Companies relating to the taxable periods beginning in or subsequent to 2009 and (ii) any audit report, examination report or interim finding in respect of a pending audit issued within the last three years relating to any Taxes due from or with respect to the Target Companies, in each case that list at least \$500,000.00 of Tax as due.

(o) No Target Company is treated for any Tax purposes as resident in a country other than the country of its incorporation, and no Target Company has a branch, agency or permanent establishment in a country other than the country of its incorporation.

(p) Each of the Target Companies listed on Section 3.8(p) of Parent's Disclosure Letter (i) is registered for the purposes of VAT, and (ii) since November 30, 2006, has been so registered at all times that it has been required to be registered by VAT legislation, and such registration is not subject to any conditions imposed by or agreed with the relevant Taxing Authority.

(q) The amount of the Net Deferred Tax Asset prepared in accordance with GAAP as of September 30, 2012 is \$374,125,972. The components of the Net Deferred Tax Asset are set forth on Schedule 3.8(q) by company and type of asset, including offsetting valuation allowances. With respect to each applicable Closing, Parent's Disclosure Letter shall be updated to reflect the amounts shown with respect to each deferred tax asset and deferred tax liability (net of any valuation allowance) taken into account in calculating Net Asset Value based on the applicable Final Closing Statement.

(r) To Parent's Knowledge, all material documents by virtue of which any Target Company has any right which are required to be stamped have been properly stamped and all duty, interest and penalties on those documents have been paid.

(s) To Parent's Knowledge, all material transactions in respect of which any clearance or consent was required from any Taxing Authority have been entered into by each Target Company

after such consent or clearance has been properly obtained. To Parent's Knowledge, any application for such clearance or consent has been made on the basis of full and accurate disclosure of all the relevant material facts and considerations and, to Parent's Knowledge, all such transactions have been carried into effect only in accordance with the terms of the relevant clearance or consent.

(t) To Parent's Knowledge, the Target Companies possess the relevant exemption certificates or other administrative decisions or authorizations issued by the relevant Tax authorities, which are necessary in order to effect all material amounts of payments made within a year of the date hereof free of any withholding taxes (including withholding taxes on dividends, interest or license payments) or Tax deductions (including withholding by a third party, such as a paying agent), if and to the extent such payments were made free of withholding taxes or Tax deductions.

(u) The representations and warranties set forth on Schedule 3.8(u) are true and correct in all respects as to the UK Target Companies.

(v) The representations and warranties set forth on Schedule 3.8(v) are true and correct in all respects as to the French Target Company.

(w) The representations and warranties set forth on Schedule 3.8(w) are true and correct in all respects as to the German Target Companies.

(x) The representations and warranties set forth on Schedule 3.8(x) are true and correct in all respects as to the Dutch Target Companies.

(y) For purposes of this Section 3.8, Article VII, Section 8.2(a)(vii), and Section 8.2(a)(viii), any reference to a Target Company shall be deemed to refer to (i) any entity that shall have merged with or liquidated or converted into such Target Company prior to the applicable Closing and (ii) any Subsidiary of a Target Company.

(z) Notwithstanding any other provision of this Article III, except for the representation contained in Section 3.5, the representations and warranties contained in this Section 3.8 and Section 3.9 constitute the sole representations and warranties of Parent with respect to Taxes, or Actions or Liabilities that relate to Taxes.

#### Section 3.9 Employee Benefit Plans.

(a) All benefit and compensation plans, contracts, policies, agreements or arrangements that are maintained and sponsored by the Target Companies for the benefit of current or former employees, directors, individual independent contractors or individual consultants of the Target Companies for which a Target Business Segment has any material Liability, either individually or in respect of the group of similar plans, contracts, policies, agreements or arrangements providing for similar benefits within the same Target Business Segment, other than any plan, contract, policy, arrangement or agreement that is maintained or operated by a Government Authority, including without limitation plans, contracts, policies, agreements or arrangements providing benefits on retirement, death, termination of employment (whether voluntary or not), or during periods of sickness or disablement, or any deferred or incentive compensation, welfare benefit, healthcare, medical, stock or stock-related award, tax gross up, retention, change in control, vacation or other paid time off plans, contracts, policies, agreements and arrangements (collectively, the "Target Company Benefit Plans"), are listed in Section 3.9(a)(i) of Parent's Disclosure Letter (separately

for each applicable country), except for (A) each individual grant agreement under any bonus, incentive compensation plan or retention plan provided a form of such grant agreement has been made available to Purchaser or (B) each employment agreement with any individual employed outside of the U.S. that is documented on a standard form or template, provided that the current version of such form or template has been made available to Purchaser, that does not provide for severance benefits greater than the amount required (i) under any severance plan or collective bargaining agreement applicable to such non-U.S. jurisdiction or (ii) under applicable Law (collectively, “Excluded Target Company Benefit Plans”). To avoid doubt, no benefit or compensation plan, contract, policy, agreement or arrangement maintained or sponsored by Parent or its Affiliates (excluding the Target Companies) shall be considered a Target Company Benefit Plan for any purpose under this Agreement. Section 3.9(a)(ii) of Parent's Disclosure Letter sets forth the benefit and compensation plans, contracts, policies, agreements or arrangements maintained or sponsored by Parent and its Affiliates (excluding the Target Companies) in which current or former employees or directors of the Target Companies participate in or to which the Target Companies have any Liability (contingent or otherwise) (collectively, the “Parent Benefit Plans”). Parent has made available to Purchaser all information that Purchaser requires to comply with Purchaser's obligations under Section 5.11(a) of this Agreement, including with respect to each Business Employee, his or her current base compensation, incentive opportunity paid in respect of 2011 (separately for each type of award), date of hire, position, work location, and correct copies (or in the case of an unwritten plan or arrangement, a written summary thereof) of all benefit and compensation plans, contracts, policies, agreements or arrangements in which Business Employees participate. The Target Company Benefit Plans and the Parent Benefit Plans are the only benefit and compensation plans, contracts, policies, agreements or arrangements, other than any such plan, contract, policy, agreement or arrangement that is maintained or operated by a Government Authority, of which any Target Business Segment has any material Liability, either individually or in respect of the group of similar plans, contracts, policies, agreements or arrangements providing for similar benefits within the same Target Business Segment. Parent has made available to Purchaser correct copies (or in the case of an unwritten plan or arrangement, a written summary thereof) of all of the Target Company Benefit Plans (other than any Excluded Target Company Benefit Plans for which forms of grant agreement and employment agreement templates have been made available to Purchaser) and Parent Benefit Plans, as amended, together with, if applicable, all related actuarial reports, and Parent has made available to Purchaser all other related documentation to the extent applicable, including the most recent funding agreements, summary plan descriptions, insurance policies, trust agreements, funding and financial information.

(b) Each Target Company Benefit Plan has been administered in accordance with its terms and is in compliance with applicable Laws (including any requirements as to registration), except for any failures to so administer or be in compliance that would not, individually or in the aggregate, be reasonably likely to be material to (A) the Target Companies, taken as a whole or (B) any Target Business Segment, taken as a whole. No Target Company Benefit Plan is (i) maintained in the United States or (ii) primarily for the benefit of employees working in the United States. As of the date hereof, there is no pending, outstanding, or, to Parent's Knowledge, threatened litigation relating to any Target Company Benefit Plans (other than claims for benefits in the ordinary course) which would, if adversely determined, result, individually or in the aggregate, in any material Liability to (A) the Target Companies, taken as a whole or (B) any Target Business Segment, taken as a whole. All material contributions that any Target Company is required to make to any Target Company Benefit Plan have been fully and timely paid when due. Each Target Company Benefit Plan that is intended to qualify for tax-favored status under applicable Law does so qualify, except for any failures to so qualify that would not, individually or in the aggregate, be reasonably likely to be

material to (A) the Target Companies, taken as a whole or (B) any Target Business Segment, taken as a whole. Except as set forth in Section 3.9(b) of Parent's Disclosure Letter, the transactions contemplated by this Agreement shall not result in (x) the payment, any increase in any payment, or any acceleration of payment, vesting or funding of any compensation or benefit under any Target Company Benefit Plan or Parent Benefit Plan or to any Business Employee or any current or former employee or director of any of the Target Companies, or (y) payment of any compensation or benefit that could not be deductible by any of the Target Companies under Code Section 280G.

(c) Neither Parent nor any Target Company has in the six years prior to the date of this Agreement participated in or had any actual or contingent Liability or obligation towards a defined benefit pension scheme which is subject to the provisions of the UK Pensions Act 2004.

#### Section 3.10 Labor Matters.

(a) Except as set forth in Section 3.10(a) of Parent's Disclosure Letter, none of the Target Companies (i) is a party to or bound by any labor agreements (which, for the avoidance of doubt, does not include any agreement between any individual current or former employee, consultant or independent contractor), works council agreements, union contracts or collective bargaining agreements or any other agreement with any staff association or (ii) has otherwise recognized or, to Parent's Knowledge, done any act which might be considered as recognition of any trade union. Each of the Target Companies that is a party to or bound by a collective bargaining agreement has complied with all of its obligations thereunder, including, but not limited to, payment of any fees and dues to any Government Authority relating to such collective bargaining agreement, except, in each case, in which the failure to do so would not, individually or in the aggregate, be reasonably likely to be material to (A) the Target Companies, taken as a whole or (B) any Target Business Segment, taken as a whole.

(b) The Target Companies are, and since January 1, 2010 have been, in compliance with all applicable Laws relating to employment or terms and conditions of employment, and are not and have not engaged in any unfair labor practices or similar prohibited practices, except for any failures to comply or engagement in such practices that would not, individually or in the aggregate, be reasonably likely to be material to (a) the Target Companies, taken as a whole or (B) any Target Business Segment, taken as a whole.

(c) There is no pending or, to Parent's Knowledge, threatened, strike, walkout or other work stoppage, material labor dispute or any union organizing effort by any of the employees of any Target Company. There has not been since January 1, 2010, any material strike, walkout, work stoppage, material labor dispute, or to Parent's Knowledge, any union organizing efforts.

(d) There is no material unfair labor practice charge or complaint against any of the Target Companies pending or, to Parent's Knowledge, threatened, before any Government Authority which would, if adversely determined, result in any material Liability to (A) the Target Companies, taken as a whole and (B) any Target Business Segment, taken as a whole.

(e) Except as set forth in Section 3.10(e) of Parent's Disclosure Letter, all individual independent contractors and individual consultants can be terminated immediately without incurring any Liabilities on the part of the Target Companies provided that notice of such termination is provided to such individual independent contractor or individual consultant either three months' prior to such termination or such longer notice period as required by applicable Law.

(f) (i) No Target Company has, during the three year period prior to the date hereof, been party to any relevant transfer as defined in the UK Transfer of Undertakings (Protection of Employment) Regulations 2006 or similar local legislation in Europe applicable to any Target Company (a “Relevant Transfer”), and (ii) no employee has transferred to any Target Company at any time pursuant to a Relevant Transfer who remains employed by any Target Company.

(g) No Target Company has, during the three year period prior to the date hereof, failed to provide information to and/or to consult with any employees or workers of any Target Company and/or their representatives and/or any employee representative bodies (including without limitation any works councils, trade unions or other staff representative bodies) (each a “Employee Representative Body”) whether such information and/or consultation is required under (i) any legislation applicable to any Target Company affecting relations between employers and their employees or workers, or (ii) any agreement with any Employee Representative Body, and there is no obligation to inform and/or consult any employees or workers of any Target Company and/or any Employee Representative Body in respect of the transactions contemplated or effected by this Agreement, except, in each case, in which the failure to do so would not, individually or in the aggregate, be reasonably likely to be material to (A) the Target Companies, taken as a whole or (B) any Target Business Segment, taken as a whole.

(h) None of the Target Companies (i) has received a claim in writing from any Person to the effect that any Target Company has improperly classified as an independent contractor or consultant any Person that provides services to any of the Target Companies or (ii) is liable for any labor or social security matters in connection with such Persons except, in each case, in which the failure to do so would not, individually or in the aggregate, be reasonably likely to be material to (A) the Target Companies, taken as a whole or (B) any Target Business Segment, taken as a whole.

Section 3.11 No Violation of Law; Required Licenses and Permits. (a) No Target Company has, since December 31, 2007, violated any applicable Law, and no Target Company is a party or subject to any Government Order with any Government Authority which is charged with regulating or supervising any Target Company which imposes any restrictions or fines on the business of any Target Company or the Target Business, in each case, except as would not, individually or in the aggregate, be reasonably likely to (i) be material to (A) the Target Companies, taken as a whole, or (B) any Target Business Segment, taken as a whole, or (ii) result in any Criminal Liability. To the Knowledge of Parent, none of the Target Companies is under investigation with respect to the violation of any Laws, other than routine examinations by Government Authorities.

(b) Each Target Company has all Permits necessary for the conduct of the Target Business as presently conducted (all such Permits for all of the Target Companies, collectively, the “Target Permits”), and the business of each Target Company and the Target Business have, since January 1, 2010, been conducted in compliance with all such Permits, in each case, except as would not, individually or in the aggregate, be reasonably likely to (i) be material to (A) the Target Companies, taken as a whole, or (B) any Target Business Segment, taken as a whole, or (ii) result in any Criminal Liability. There are no Actions pending, or to the Knowledge of Parent, threatened or reasonably expected to be asserted, relating to the suspension, revocation or modification of any Target Permit, in each case, except as would not, individually or in the aggregate, be reasonably likely to be material to (A) the Target Companies, taken as a whole, or (B) any Target Business Segment, taken as a whole, or (ii) result in any Criminal Liability.

Section 3.12 Real Property.

(a) Section 3.12 of Parent's Disclosure Letter sets out a list of all real property that is (i) owned in fee by any of the Target Companies (the "Owned Properties"), or (ii) leased or subleased from any other Person, by any of the Target Companies (the "Leased Properties"), and together with the Owned Properties, the "Specified Properties"), and identifies the instruments under which such real property is leased or subleased (the "Leases"). Each Target Company (i) has good and valid title to all of the Owned Properties owned by it, free and clear of all Encumbrances other than Permitted Encumbrances, and (ii) has a good and valid leasehold interest in all of the Leased Properties that is leased or subleased from any other Person by such Target Company.

(b) As of the date hereof, none of the Target Companies or, to Parent's Knowledge, any other party to a Lease is in breach of a Lease, except for any such breaches that would not, individually or in the aggregate, be material to (i) the Target Companies, taken as a whole, or (ii) any Target Business Segment, taken as a whole.

Section 3.13 Environmental Matters.

(a) Except as would not have a Company Material Adverse Effect, each of the Target Companies:

(i) is and has within the prior five years been in compliance with all applicable Environmental Laws;

(ii) possesses, maintains and is in compliance with all Permits required under applicable Environmental Laws for the operation of the Target Business as presently conducted;

(iii) has not within the prior five years received any written claim, notice of violation or citation, and is not party to any Government Order, concerning any violation or alleged violation of any applicable Environmental Law or any alleged liability pursuant to any Environmental Law;

(iv) is not the subject of any pending or, to Parent's Knowledge, threatened Action alleging or addressing any violation or alleged violation of any applicable Environmental Law or any alleged liability pursuant to any Environmental Law; and

(v) to Parent's Knowledge, there are no pollutants, contaminants or toxic or hazardous materials, substance or wastes present at, on, or under any Specified Property except in compliance with Environmental Law.

(b) Notwithstanding any other provision of this Article III, the representations and warranties contained in this Section 3.13 constitute the sole representations and warranties of Parent with respect to any Environmental Law.

Section 3.14 Intellectual Property.

(a) Section 3.14(a) of Parent's Disclosure Letter contains a list of all registered Intellectual Property and applications for registration of Intellectual Property owned or purportedly owned by the Target Companies (other than the Parent In-Process Marks and Internet domain names),



indicating for each item of such registered or applied for Intellectual Property the registration or application number, the applicable Target Company that is the purported owner and the applicable filing jurisdiction (collectively, the “Scheduled Intellectual Property”, except for the Scheduled Intellectual Property provided pursuant to Section 5.5(e)(iv)). To the Parent's Knowledge, all Scheduled Intellectual Property that is or has been registered is subsisting, valid and enforceable. All material Intellectual Property owned by a Target Company is owned free and clear of any Encumbrance other than Permitted Encumbrances and all necessary registration, maintenance, renewal and other relevant filing fees due through the date hereof in connection therewith have been timely paid and all necessary documents and certificates in connection therewith have been timely filed with the relevant patent, copyright, trademark or other authorities in the United States or foreign jurisdictions, as the case may be, for the purposes of maintaining such registered Intellectual Property in full force and effect.

(b) To Parent's Knowledge, (i) the operation of the businesses of the Target Companies as currently conducted does not infringe or misappropriate the Intellectual Property of any third party, and (ii) no third party has infringed or misappropriated, or is infringing or misappropriating, any material Intellectual Property owned by the Target Companies.

(c) To Parent's Knowledge, no Person has asserted in a writing received by Parent or any Target Company in the two-year period prior to the date of this Agreement that any of the Target Companies have infringed or misappropriated, or are infringing and misappropriating, the Intellectual Property of any third party, nor has any Person asserted such a claim prior to that period of which discussions are ongoing.

(d) The Target Companies have taken reasonable measures to protect the confidential nature of the trade secrets and confidential information that they own or use. To Parent's Knowledge, no trade secret or other confidential information owned by the Target Companies that is material to their businesses as currently conducted has been disclosed or authorized to be disclosed by the Target Companies to any of their employees or consultants, contractors or other third parties other than pursuant to a written agreement containing confidentiality or nondisclosure obligations, except where such obligations are imposed by applicable Law. To Parent's Knowledge, no employee, consultant or independent contractor of the Target Companies is in default or breach of any material term of any such non-disclosure or confidentiality agreement, covenant or obligation.

(e) The Target Companies' respective IT Assets (A) are, to the Parent's Knowledge, adequate for the businesses of the Target Companies as currently conducted, (B) operate and perform as required by the Target Companies in connection with their respective businesses as currently conducted and (C) are functioning and in good order and have not materially malfunctioned or failed within the past two years. The Target Companies have implemented reasonable backup, security and disaster recovery technology and procedures consistent with historical practices. To Parent's Knowledge, the Target Companies are compliant in all material respects with their respective privacy policies and contractual commitments to their respective customers, consumers and employees, concerning data protection.

(f) Neither the execution of this Agreement or any Transaction Documents (except as expressly set forth herein or therein), nor the conduct of the business and operations of the Target Companies as presently conducted, will result in the Target Companies granting to any third Person any right to any material Intellectual Property owned by, or licensed to, the Target Companies. Immediately following the applicable Closing, the applicable Target Companies will have the right

to exercise all of their current rights under the Specified Contracts set forth in Section 3.15(a)(viii) of Parent's Disclosure Letter (subject to obtaining any required consent from the applicable counterparty thereto) granting rights to the applicable Target Companies with respect to Intellectual Property or IT Assets of a third party to the same extent and in the same manner they would have been able to had the transaction contemplated by the Transaction Documents not occurred, except as would not, individually or in the aggregate, have a Company Material Adverse Effect.

(g) The IT Assets on which Personal Data is processed enable the Target Companies to: (i) determine the scope of lawful use of the Personal Data; and (ii) comply with data subject access requests (as such requests are provided for under applicable Data Protection Laws) within the relevant time limits specified by applicable Data Protection Laws.

(h) Notwithstanding any other provision of this Article III, the representations and warranties contained in Section 3.1(d), Section 3.11, this Section 3.14 and Section 3.15 constitute the sole representations and warranties of Parent with respect to any Intellectual Property and IT Assets.

#### Section 3.15 Contracts.

(a) Section 3.15(a) of Parent's Disclosure Letter lists, as of the date hereof, each of the following Contracts to which any Target Company is a party or is otherwise bound (collectively, the "Specified Contracts"):

(i) *Future Payment Obligations*. Any Contract (other than any Contract (A) containing a covenant by any Target Company to make, directly or indirectly, any advance, loan, extension of credit or capital contribution to, or other investments in, any Person, (B) relating to Indebtedness, or (C) between any Target Company, on the one hand, and any customer or dealer, on the other hand, in each case, entered into in the ordinary course consistent with past practice, or any Contract between any Target Company, on the one hand, and any manufacturer or distributor of automobiles, sport utility vehicles, light duty trucks or vans) involving the payment by such Target Company of more than \$1,000,000 in any 12-month period or \$7,500,000 in the aggregate during the term thereof, and which by its terms does not terminate or is not terminable without penalty by such Target Company upon 90 days' or less prior notice;

(ii) *Non-Compete*. Any Contract containing covenants limiting in any material respect the freedom of the Target Companies (or that would apply after the applicable Closing to an Affiliate of the Target Companies) or to compete or operate in any line of business or geographical area or to compete with any Person;

(iii) *Required Loans*. Any Contract containing a covenant by any Target Company to make, directly or indirectly, any advance, loan, extension of credit or capital contribution to, or other investments in, any Person in excess of \$1,000,000, in each case other than as made in the ordinary course of such Target Company's business consistent with past practice;

(iv) *Indebtedness*. Any Contract relating to any indebtedness for borrowed money, in each case, which creates payment obligations of, or from, any party to any Target Company, other than indebtedness for borrowed money in the ordinary course of such Target Company's business consistent with past practice;

(v) *Capital Expenditures*. Any Contract containing covenants requiring capital expenditures by a Target Company in excess of \$1,000,000;

(vi) *Acquisition Agreements*. Other than in connection with any Securitization Transaction, any Contract for the acquisition, sale or lease of any material properties, operating business or assets of or by a Target Company (by merger, purchase or sale of assets or otherwise), in each case under which any Target Company has any material indemnification or other continuing obligations;

(vii) *Joint Ventures*. Any partnership, joint venture agreement, strategic alliance or profit sharing agreement (other than any Contract with any manufacturer or distributor of automobiles, sport utility vehicles, light duty trucks or vans);

(viii) *Intellectual Property and IT Assets*. (A) Any grant or license by the Target Companies to another Person of any right to or under material Intellectual Property or material IT Assets that are owned by the Target Companies, excluding any confidentiality agreements or other agreements the main purpose of which is not to grant or license Intellectual Property; and (B) any grant or license by another Person to any of the Target Companies of any right to or under any third Person's Intellectual Property or IT Assets that are material to the conduct of the Target Companies' business, excluding any Contract with an annual license fee of less than \$1,000,000;

(ix) *Labor Agreements*. Any Contract with any labor union or association representing any employee of any Target Company, including any collective bargaining agreements;

(x) *Financing Contracts*. Any Contract (A) providing for the collection, servicing or administration of leases, loans, conditional sales agreements or financial instruments of a similar type, by any Target Company on behalf of any other Person, or (B) providing for the administration by any Person of any part of the loans or financial instruments of a similar type of any Target Company, in each case, involving the payment by or to such Target Company of more than \$5,000,000 during the term thereof;

(xi) *OEM Contracts*. Any Contract with any manufacturer or distributor of automobiles, sport utility vehicles, light duty trucks or vans (other than Purchaser or any of its Affiliates) that was previously made available to Purchaser; provided that Parent shall have no obligation to make available to Purchaser any such Contract that was not previously made available prior to the date hereof and that is subject to confidentiality or similar provisions prohibiting its disclosure; or

(xii) *Outsourcing Agreements*. Any Contract for the outsourcing of financial or other services to an Affiliate or a third-party the entry into which requires the submission of written notice to a competent Government Authority pursuant to applicable Law.

(b) A complete copy of each Specified Contract has been made available to Purchaser. As of the date hereof, each Specified Contract is a valid and binding obligation of, and is an enforceable obligation against, the relevant Target Company that is a party thereto, and, to Parent's Knowledge, the party or counterparties thereto (subject in each case to the effect of any applicable

bankruptcy, reorganization, insolvency, moratorium, rehabilitation, liquidation, fraudulent conveyance, preferential transfer or similar Laws now or hereafter in effect relating to or affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general equitable principles (regardless of whether enforcement is sought in a proceeding in equity or law)), except for such failures to be valid, binding or enforceable as would not, individually or in the aggregate, be materially adverse to (i) the Target Companies, taken as a whole, or (ii) any Target Business Segment, taken as a whole. As of the date hereof, none of the Target Companies or, to Parent's Knowledge, any other party to a Specified Contract is in breach of a Specified Contract, except for any such breaches that would not be materially adverse to (i) the Target Companies, taken as a whole, or (ii) any Target Business Segment, taken as a whole.

(c) Section 3.15(c) of Parent's Disclosure Letter lists, as of the date hereof, each Contract under which any Person has directly or indirectly guaranteed or agreed to guarantee or otherwise to be responsible for borrowed money or other Liabilities of any Target Company, Securitization Servicer, Securitization Depositor, Securitization Issuing Entity or Securitization Originator. As of the date hereof, to the Knowledge of Parent, no such Person is in breach of such a Contract, except for any such breaches that would not, individually or in the aggregate, be reasonably likely to be material to (i) the Target Companies, taken as a whole, or (ii) any Target Business Segment, taken as a whole.

(d) None of the Target Companies or their subsidiaries are parties to or otherwise bound by any Contract under which such Target Company has directly or indirectly guaranteed or agreed to guarantee or otherwise to be responsible for indebtedness for borrowed money or other Liabilities of any Person other than another Target Company or its subsidiaries (any such Contract, other than as set forth in Section 3.15(d) of the Parent Disclosure Letter, a "Target Guarantee").

Section 3.16 Title to Assets. Each of the Target Companies has good and valid title to all properties and assets, other than the Specified Properties, any Intellectual Property and any IT Assets, material to the conduct of such Target Company's business and owned or stated to be owned by it, free and clear of all Encumbrances other than Permitted Encumbrances.

Section 3.17 Insurance. Section 3.17 of Parent's Disclosure Letter contains a list of all policies of casualty and liability and other insurance directly, or indirectly through Parent and its Affiliates, maintained by the Target Companies (collectively, and together with any other policies provided pursuant to Section 5.5(e)(iii), the "Insurance Policies"), other than policies that are to be provided pursuant to Section 5.5(e)(iii). All of the Insurance Policies are in full force and effect and all insurance premiums due thereon have been paid in full when due, except, in each case, as would not, individually or in the aggregate, be reasonably likely to be material to (i) the Target Companies, taken as a whole or (ii) any Target Business Segment, taken as a whole. Between January 1, 2012 and the date of this Agreement, the Target Companies have not received in writing any notice of cancellation or termination or denial of coverage with respect to any such policy, except to the extent such policy has expired and been replaced in the ordinary course of business consistent with past practice. As of the date hereof, there is no (i) outstanding claim related to the Target Business under any Insurance Policy for an amount either currently, or reasonably expected to be, in excess of \$500,000 or (ii) outstanding material default with respect to the provisions in any Insurance Policy.

Section 3.18 Transactions with Affiliates. Section 3.18 of Parent's Disclosure Letter contains a list of loans, leases and other Contracts between Parent, its Affiliates (other than the Target Companies) or the directors, officers or employees of the Target Companies (each of the foregoing,

a “Related Party”), on the one hand, and any of the Target Companies, on the other hand (each of the foregoing, a “Related Party Contract”), involving payments in excess of \$120,000 annually with the Target Business.

Section 3.19 Securitized.

(a) Each of the Target Companies, in each case, to the extent that it is a servicer of any Securitization Transaction (in such a capacity, a “Securitization Servicer”) or otherwise a party to a Securitization Transaction, is in compliance in all material respects with all Contracts to which it is bound under such Securitization Transaction (collectively referred to as the “Securitization Instruments”). Each of the Target Companies, to the extent that it is a Securitization Issuing Entity or Securitization Servicer, has performed in all material respects all of its respective obligations under the Securitization Instruments. Each of the Target Companies, in each case, to the extent that it is a Securitization Depositor or Securitization Originator, has performed in all material respects all of its respective obligations under the Securitization Instruments. To Parent's Knowledge, each other party to a Securitization Transaction is in compliance in all material respects with and has performed in all material respects all of its respective obligations under the Securitization Instruments.

(b) Since January 1, 2009, each Target Company, each Securitization Depositor, each Securitization Issuing Entity has made or caused to be made all material filings required to be made by it with any Government Authority under applicable Law in connection with any Securitization Transaction, and each such filing complied in all material respects with the requirements of applicable Law. There are no pending or, to Parent's Knowledge, threatened, lawsuits, actions, proceedings or claims in which it is alleged that any registration statement, prospectus, private placement memorandum or other offering document, or any amendments or supplements thereto contained, as of the date on which it was issued in any Securitization Transaction, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No securities were issued or sold by any of the Target Companies or any Securitization Issuing Entity in violation in any material respect of applicable Law in any Securitization Transaction.

(c) No event of default, servicer default, termination event, amortization event, event triggering a debtor notification obligation in relation to the perfection of security or title or other similar event currently exists under any Securitization Instrument and no cash trapping trigger event (including interest premium or fee increase) or other event requiring the increase of credit enhancement for any Securitization Transaction currently exists, except, in each case, for any cash trapping trigger or other event requiring the increase of credit enhancement for any Securitization Transaction that occurred as a result of the performance of the related pool of assets, and no event has occurred that, with the giving of notice, the passage of time, or both would constitute any such event.

(d) None of the Target Companies has acted in the capacity of guarantor or credit enhancer in any Securitization Transaction, nor has any of the Target Companies provided any type of guaranty in any Securitization Transaction with respect to any payments of principal or interest in connection with any issued securities; provided, however, that for the purposes of this representation, none of the Target Companies shall be deemed a “guarantor” or “credit enhancer” solely by reason of owning

or holding any credit residual, subordinate interest, credit reserve account or similar instrument or account related to any Securitization Transaction.

(e) Section 3.19(e) of Parent's Disclosure Letter lists all of the Securitization Transactions as of the date of this Agreement. With respect to each Securitization Transaction, a complete copy of all material documents, agreements, reports and instruments relating to such Securitization Transaction has been made available to Purchaser.

(f) Each Securitization Issuing Entity is not a party to any agreement, contract or commitment other than the relevant Securitization Instruments to which it is a party.

(g) As of the date hereof, (i) no material claim has been made since January 1, 2009 pursuant to an indemnification obligation, and (ii) no event has occurred and is continuing that (with or without notice or lapse of time) would be reasonably likely to result in any material indemnification obligation, in either case, of any Target Company, any Securitization Originator, Securitization Servicer or Securitization Depositor to any Securitization Issuing Entity or to any securitization trustee, investor, lender, guarantor, surety provider, swap provider, or other counterparty or participant in any Securitization Transaction.

(h) As of the date hereof, to Parent's Knowledge, no party to a Securitization Transaction has validly exercised a right to cause a repurchase, buyback or replacement of a securitized asset pursuant to such Securitization Transaction other than a repurchase, buyback or replacement obligation (i) exercised for administrative purposes in the ordinary course of business or (ii) pursuant to the terms and conditions of a Securitization Instrument with respect to delinquencies and defaulted Contracts.

(i) Parent has made available to Purchaser a complete copy of all material credit, underwriting or collection policies of each Securitization Originator and Securitization Servicer.

Section 3.20 Intercompany Loans. Section 3.20 of Parent's Disclosure Letter sets forth a complete listing of all intercompany loans outstanding as of the date hereof made by (a) GMAC IF or any Affiliate of Parent other than a Target Company, on the one hand, to any Target Company, on the other hand, (each, an "Intercompany Loan") and (b) any Target Company, on the one hand, to GMAC IF or any Affiliate of Parent, on the other hand, and, in each case, as of October 31, 2012, the outstanding principal amount.

Section 3.21 Finder's Fees. Except for Citigroup Global Markets Inc. and Evercore Group LLC, whose fees will be paid by Parent or one of its Affiliates (other than any of the Target Companies), there is no other investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Parent or its Affiliates who would be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 3.22 Foreign Asset Control. Parent, each Seller and each Target Company maintains a risk-based system of controls which reasonably assures, as applicable, the monitoring, prevention, detection, and reporting of transactions involving OFAC Specially Designated Nationals and Blocked Persons as required by applicable Law.

Section 3.23 Anti-Money Laundering. Parent, each Seller and each Target Company maintains a risk-based system of controls which reasonably assures the monitoring, prevention,

detection, and reporting of transactions violating any applicable anti-money laundering Law, including the Proceeds of Crime Act 2003, the Money Laundering Regulations 2007, the Bank Secrecy Act of 1970, the U.S.A. Patriot Act of the United States, the rules and guidance of the Financial Services Authority and Office of Fair Trading.

Section 3.24 Anti-Corruption; No Unlawful Payments; Prohibited Practices.

(a) To the extent required by applicable Law, each Target Company maintains systems of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the actual levels at reasonable intervals and appropriate action is taken with respect to any differences.

(b) Each Target Company maintains a risk-based system of controls which reasonably assures, as applicable, the monitoring, prevention, detection, and reporting of transactions violating any applicable Laws relating to anti-corruption, including the U.S. Foreign Corrupt Practices Act of 1977 and the U.K. Bribery Act of 2011.

(c) Since December 31, 2007, none of the Target Companies or, to Parent's Knowledge, any Representative of any Target Company has paid, offered or promised to pay, or authorized or ratified the payment directly or indirectly, of any monies or anything of value to any official or employee of any Government Authority or any political party or candidate for political office for the purpose of influencing any act or decision of such official or of the Government Authority to obtain or retain business, direct business to any person or secure any other improper benefit or advantage, in each case in violation of any applicable Law.

(d) Since December 31, 2007, none of the Target Companies or, to Parent's Knowledge, any Representative of any Target Company has committed or engaged in any Prohibited Practices.

(e) For purposes of this Section 3.24, an "official or employee" includes any official or employee of any entity owned or controlled by a Government Authority (or family members thereof), members of royal families, any officer or employee of a public international organization, as well as any person acting in an official capacity for or on behalf of any of the foregoing.

Section 3.25 Export Controls.

(a) None of Parent, any Seller, Target Company, or any of their respective directors or senior officials are Prohibited Persons.

(b) Since December 31, 2007, none of Parent, any Seller or Target Company is a party to any contract or bid with, and has not conducted business with any Prohibited Persons in violation of any applicable Law.

(c) Since December 31, 2007, none of Parent, any Seller or Target Company is a party to any contract or bid with, and has not conducted any business directly or indirectly involving Cuba, Iran, Myanmar (Burma), North Korea, Sudan or Syria in violation of any applicable Law.

(d) There is no pending or, to the Knowledge of Parent, threatened Action against, or, to the Knowledge of Parent, investigation by any Government Authority of, any Target Company, nor is there any injunction, order, judgment, ruling or decree imposed (or, to the Knowledge of Parent, threatened to be imposed) upon any Target Company or any asset of any Target Company by or before any Government Authority, or pending voluntary disclosure to any Government Authority, in each case, in connection with an alleged violation of any applicable Law relating to the export of data, goods or services to any foreign person or jurisdiction against which the United States maintains sanctions or export controls, including applicable regulations of the U.S. Department of Commerce, the U.S. Department of State, U.S. Department of Energy and OFAC, as well as any applicable requirements or restrictions imposed by any other non-U.S. jurisdiction.

(g) Since December 31, 2007, each of the Target Companies has complied with all applicable U.S. and non-U.S. export control requirements, including regulations controlling the export of certain products, services, and technologies and anti-boycott requirements as set forth in the Export Administration Regulations (EAR), 15 CFR Parts 730-774, as amended, and Section 999 of the Code and similar non-US requirements.

Section 3.26 Consumer Financial Protection. Except as would not, individually or in the aggregate, be reasonably likely to (i) be material to (A) the Target Companies, taken as a whole, or (B) any Target Business Segment, taken as a whole, or (ii) result in Criminal Liability, each Target Company:

(a) is compliant with its own current and in-force privacy policies and express commitments to its respective customers, consumers and employees concerning the privacy and security of their Personal Data;

(b) is compliant with its obligations under applicable Consumer Financial Protection Law in respect of the use of electronic communications (including e-mail, text messaging, fax machines, automated calling systems and non-automated telephone calls) for direct marketing purposes; and

(c) each of the Target Companies:

(i) may, subject to the requirements of applicable Consumer Financial Protection Law, exploit all Personal Data forming the subject matter of any executory Contract entered into in by such Target Company as part of the operation of the Target Business in accordance with applicable Consumer Financial Protection Law;

(ii) either (1) holds all Personal Data used by such Target Company on its IT Assets, or (2) such Personal Data is held (a) by a third party under a Contract allowing reasonable access by the Target Company to the Personal Data, or (b) is otherwise held in such a manner as to allow reasonable access by the Target Company to the Personal Data; and

(iii) has, since December 31, 2007, processed Personal Data in accordance with applicable Consumer Financial Protection Law.

Section 3.27 Financing Contracts. Except as would not have a Company Material Adverse Effect:



(a) Each Financing Contract and each related Credit Enhancement is valid, binding and enforceable, by the applicable Target Company, Securitization Depositor or Securitization Issuing Entity, as the case may be, against the obligor or borrower thereunder in accordance with its respective written terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(b) (i) Each Financing Contract and each related Credit Enhancement is, in full force and effect, free and clear of Encumbrances other than Permitted Encumbrances and Encumbrances arising in connection with any Securitization Transaction or under any Securitization Instrument; (ii) each Target Company or Securitization Issuing Entity, as the case may be, has in its possession or control the notes and other documentation comprising each Financing Contract and each related Credit Enhancement reasonably necessary to enforce the rights of such Target Company or Securitization Issuing Entity, as the case may be, with respect to such Financing Contract, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and (iii) all payments by the obligor or borrower under each Financing Contract are made to or for the benefit of a Target Company or Securitization Issuing Entity, as the case may be.

(c) With respect to each Financing Contract, the applicable Target Company or Securitization Issuing Entity, as the case may be, has a valid and enforceable security interest in any collateral subject thereto, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles, as and to the extent required by such Target Company's or the applicable Securitization Originator's respective credit or investment approval with respect to such Financing Contract.

Section 3.28 No Amendments to Transferred Derivatives or Corresponding Derivatives.

(a) Section 1.1(g) of the Parent's Disclosure Letter lists all of the AIM Derivatives as of the date of this Agreement and Section 3.18 of the Parent's Disclosure Letter lists all of the Corresponding Derivatives as of the date of this Agreement. With respect of each such Transferred Derivative, Parent has made available to Purchaser a complete copy of the transaction confirmations relating to such Transferred Derivative.

(b) The termination of any AIM Derivative pursuant to Section 5.23 shall not trigger a default, termination event or requirement to post collateral (or event which, with the giving of notice or the lapse of time, would constitute a breach or default, termination event or requirement to post collateral) in any Contract.

Section 3.29 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III (as qualified by the applicable items disclosed in Parent's Disclosure Letter), neither Parent nor any other Person makes any express or implied representation or warranty on behalf of Parent or any of its Affiliates, and Parent disclaims any other representations or warranties. To avoid doubt, Parent does not give or make any warranty or representation as to (and shall have no indemnification obligation or, in the absence of fraud, other liabilities in respect of) the accuracy or reasonableness of any forecasts, estimates, projections, statements of intent or statements of opinion provided to Purchaser, any of its Affiliates, or any of their respective Representatives on or prior to the date of this Agreement, including in the "Confidential Information

Memorandum” relating to the Target Business, any management presentations and any other information made available in the Virtual Data Room. Purchaser acknowledges and agrees that, except for the representations and warranties contained in this Article III (as qualified by the applicable items disclosed in Parent's Disclosure Letter), neither Parent nor any of its Affiliates is making any representation or warranty regarding any documents, projections, forecasts, statement or other information made, communicated or furnished (orally, in writing, in the Virtual Data Room, in management presentations (including any questions posed and answers given and any related discussions, whether formal or informal) or otherwise) to Purchaser, any of its Affiliates, or any of their respective Representatives (including any opinion, information, projection or advice that may have been or may be provided to such Person by any Representatives of Parent or any of its Affiliates). No Person makes any representations or warranties to Purchaser regarding the probable success or profitability of the Target Companies.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth on Purchaser's Disclosure Letter, the Purchaser represents and warrants to Parent, as of the date hereof and as of each Closing Date (or in the case of representations and warranties that speak of a specified date, as of such specified date), as follows (it being understood that the following representations and warranties are made assuming that the Restructuring has been completed in full):

Section 4.1 Organization, Authorization, Enforceability, Non-Contravention.

(a) *Organization.* Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Texas. Purchaser Topco is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Delaware.

(b) *Authorization.* Purchaser Topco, Purchaser and each of their Affiliates that is a party to any of the Transaction Documents has full corporate or other organizational power and authority to execute and deliver the Transaction Documents to which it is a party and to perform its obligations under, and consummate the transactions contemplated by, each such Transaction Document. The execution, delivery and performance of this Agreement by Purchaser has been duly and validly authorized by all necessary corporate action on the part of Purchaser. The execution, delivery and performance of this Agreement by Purchaser Topco has been duly and validly authorized by all necessary corporate action on the part of Purchaser Topco. The execution, delivery and performance of each of the Transaction Documents (other than this Agreement) to which Purchaser Topco, Purchaser or any of their Affiliates is (or is contemplated to be) a party have been, or prior to the Closing at which such Transaction Document is to be executed will have been, duly and validly authorized by all necessary corporate or other action on the part of such Person.

(c) *Binding Effect.* This Agreement has been, and each other Transaction Document will at the Closing at which such Transaction Document is to be executed be, duly executed and delivered by Purchaser Topco, Purchaser or those of their Affiliates that are (or are contemplated to be) party thereto. This Agreement is a legal, valid and binding obligation of each of Purchaser Topco and Purchaser enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. Each of the Transaction Documents (other than this Agreement) to which Purchaser Topco, Purchaser or any of their Affiliates is a party, when

executed and delivered by such Person, will be legal, valid and binding obligations of such Person enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) *Non-Contravention*. Assuming the receipt of all Parent Required Governmental Approvals and Purchaser Required Governmental Approvals, and the expiration of any related waiting periods, the execution, delivery and performance of each of the Transaction Documents to which Purchaser Topco and Purchaser or any of their Affiliates is a party by such Person, and the consummation by such Person of the transactions contemplated by the Transaction Documents, will not (i) violate or conflict with any provision of the Constituent Documents of such Person, (ii) violate or conflict with any Law or Permit applicable to such Person, other than immaterial violations of Law or any Permit or (iii) constitute a breach or default (or event which, with the giving of notice or the lapse of time, would constitute a breach or default) under, or give any third party (with or without the giving of notice, the passage of time or otherwise) any rights of termination, acceleration, prepayment, redemption or cancellation of, or give rise to any loss of a material benefit or obligation to make a payment under, or result in the creation of any Encumbrance (other than Permitted Encumbrances) on any of the assets, properties or Equity Interests of Purchaser Topco, Purchaser or any of their Affiliates pursuant to any Contract to which any such Person is a party or by which any such Person's properties or assets may be bound,, except in case of clause (iii), for any such breaches, terminations, accelerations, cancellations, losses or Encumbrances that would not have a Purchaser Material Adverse Effect.

Section 4.2 Financing. As of each Closing, Purchaser will have available sufficient cash, available lines of credit, committed debt or equity financing or other sources of immediately available funds to enable it to consummate the transactions contemplated by this Agreement and perform its obligations hereunder. Purchaser's obligations hereunder are not subject to any condition regarding Purchaser's ability to obtain financing for the consummation of the transactions contemplated hereunder.

Section 4.3 Approvals. Other than the authorizations, waivers, consents, approvals, filings, registrations and notices set forth in Section 4.3 of Purchaser's Disclosure Letter (collectively, the "Purchaser Required Governmental Approvals"), none of Purchaser Topco, Purchaser nor any of their Affiliates is required to (i) obtain any authorization, waiver, consent or approval of, (ii) make any filing or registration with, or (iii) give any notice to, any Government Authority in connection with or as a condition to the execution, delivery and performance of any of the Transaction Documents or the consummation of the transactions contemplated thereby, other than any authorization, waiver, consent, approval, filing, registration or notice the failure of which to obtain, make or give would not have a Purchaser Material Adverse Effect. To Purchaser's Knowledge, where Purchaser Required Governmental Approvals require that Purchaser meet certain qualifications, Purchaser meets such qualifications. To Purchaser's Knowledge, as of the date hereof, no event has occurred nor has any circumstance arisen that would reasonably be likely to result in the failure of any Purchaser Required Governmental Approvals to be received in a timely manner in order to permit the consummation of the transactions contemplated by this Agreement.

Section 4.4 Finder's Fees. Except for Merrill Lynch, Pierce, Fenner & Smith Inc., Barclays Capital, Inc., UBS Securities LLC and Banco Bradesco BBI S.A., whose fees will be paid by Purchaser or one of its Affiliates, there is no other investment banker, broker, finder or other intermediary that

has been retained by or is authorized to act on behalf of Purchaser who would be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 4.5 No Litigation. To Purchaser's Knowledge, there is no Action by any Person pending or threatened against Purchaser Topco, Purchaser or any of their Affiliates that would be reasonably likely to result in monetary damages, injunctive relief or the taking of any other action that would (in any of the foregoing cases) result in a Purchaser Material Adverse Effect. There are no unsatisfied or outstanding Government Orders against Purchaser Topco, Purchaser or any of their Affiliates or any of the properties or business of Purchaser Topco, Purchaser or any of their Affiliates that would have a Purchaser Material Adverse Effect.

Section 4.6 Securities Law Compliance. Purchaser is financially sophisticated and understands that the Target Equity Interests have not been registered under the securities laws of any jurisdiction, including the Securities Act, and may only be transferred pursuant to registration or an applicable exemption under all applicable Laws. Purchaser is acquiring the Target Equity Interests for its own account, for the purpose of investment only and not with a view to, or for sale in connection with, any distribution thereof in violation of applicable Law. Purchaser has not, directly or indirectly, offered the Target Equity Interests to anyone or solicited any offer to buy the Target Equity Interests from anyone, so as to bring such offer and sale of the Target Equity Interests by Purchaser within the registration requirements of the Securities Act or the securities Laws of any other jurisdiction.

Section 4.7 Due Diligence by Purchaser. Purchaser acknowledges that it has conducted to its satisfaction an independent investigation of the Target Business and the operations, assets, Liabilities and financial condition of the Target Companies in making the determination to proceed with the transactions contemplated by the Transaction Documents and has relied solely on the results of its own independent investigation and the representations and warranties in Article III in connection with the Target Companies and the subject matter of this Agreement. Purchaser has, among other things, had full access to the Virtual Data Room and received Parent's Disclosure Letter. Purchaser has also received certain projections and other forecasts, including projected financial statements, cash flow items, capital expenditure budgets and certain business plan information, and acknowledges that (i) there are uncertainties inherent in attempting to make such projections and forecasts and, accordingly, it is not relying on them, (ii) Purchaser is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts, (iii) Purchaser has no claim under this Agreement against anyone with respect to the accuracy of such projections and forecasts and (iv) Parent has made no representation or warranty with respect to such projections and forecasts. The representations and warranties of Parent in Article III constitute the sole and exclusive representations and warranties of Parent to Purchaser in connection with the transactions contemplated by this Agreement, and Purchaser understands, acknowledges and agrees that, except as set forth in Article III, all other representations and warranties of any kind or nature express or implied (including any relating to the future or historical financial condition, results of operations, assets or Liabilities of the Target Companies or the quality, quantity or condition of the assets of the Target Companies) are specifically disclaimed by Parent. Purchaser hereby waives any other warranty or representation, in each case, express or implied, as to the quality, merchantability, fitness for a particular purpose or condition of the Target Companies or any part thereof.

Section 4.8 Solvency. After giving effect to the payment of all amounts required to be paid in connection with the consummation of the transactions contemplated by this Agreement, and payment of all related fees and expenses, Purchaser will be Solvent as of and immediately following

each Closing. For purposes of this Agreement, the term “Solvent,” when used with respect to any Person, means that, as of any date of determination, (a) the amount of the “fair saleable value” of the assets of such Person will, as of such date, exceed (i) the value of all “liabilities of such person, including contingent and other liabilities,” as of such date, as such quoted terms are generally determined in accordance with applicable Laws governing determinations of the insolvency of debtors, and (ii) the amount that will be required to pay the probable Liabilities of such Person as such debts become absolute and mature, (b) such Person will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged following such date, and (c) such Person will be able to pay its Liabilities as they mature.

Section 4.9 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, neither Purchaser nor any other Person makes any other express or implied representation or warranty on behalf of Purchaser or any of its Affiliates, and Purchaser disclaims any other representations or warranties.

## ARTICLE V COVENANTS

### Section 5.1 Conduct of the Target Business.

(a) Parent undertakes to procure that, between the date hereof and the Closing at which any Subject Companies are purchased and sold, such Subject Companies (except in each case as referred to in Section 5.1(b) or as may be approved by Purchaser (such approval not to be unreasonably withheld, conditioned or delayed)) (1) shall carry on the business of such Subject Companies and, to the extent applicable to any such Subject Company, the Securitization Transactions, in the ordinary course, consistent in all material respects with past practice (including by continuing the business of such Subject Companies in each market in which it is currently conducted), (2) shall use their respective commercially reasonable efforts to preserve intact in all material respects their respective business organizations and preserve their relationships with customers, key employees and other Persons with whom they have material business dealings, and (3) shall not:

(i) amend any provision of the Constituent Documents of any Subject Company, or any term of any outstanding Equity Interest issued by any Subject Company;

(ii) effect any recapitalization, reclassification, stock split, combination or like change in the capitalization of any Subject Company;

(iii) sell, pledge, transfer, dispose of, encumber (other than Permitted Encumbrances) create, allot or issue, or grant an option to subscribe for, any Equity Interest in any Subject Company;

(iv) acquire or agree to acquire any Equity Interest in any Person (other than another of the Subject Companies), other than in connection with investment activities conducted in the ordinary course of business consistent with past practice;

(v) merge or consolidate any Subject Company with any Person, or adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of any Subject Company;

(vi) other than in the ordinary course of business consistent with past practice, (A) make any loans, advances or capital contributions to, any other Person, except another Subject Company, or (B) incur, issue, assume, increase or modify the material terms of any indebtedness for borrowed money or guarantee any such Liabilities;

(vii) (A) grant any salary or wage increase to any director, employee or individual consultant of any Target Company or to any Business Employee from those existing on the date of this Agreement, except in any case (1) as may be required by applicable Law, (2) to satisfy contractual obligations existing as of the date of this Agreement (including pursuant to any collective bargaining agreement), (3) pursuant to national trade agreements; (4) in the ordinary course of business consistent with past practice, including increases that are consistent with past increases, with respect to any employee and such increase for any such employee does not exceed the total budgeted amount for compensation, or (5) for newly hired or recently promoted employees (other than any employee replacing a Key Person or Business Employee) to fill a vacant position as of the date hereof or to replace an employee who terminated employment after the date hereof on terms that are in the ordinary course of business consistent with past practice for the applicable position; provided however, that any once-per-year salary increase for any Business Employee that is employed in the US shall not exceed 3% of such Business Employee's then-current annual salary; or (B) enter into, amend or renew any employment, individual consulting, severance, retention, change in control or similar agreements or arrangements with any Business Employee or Key Person, except for any such agreement or arrangements for which Purchaser and its Affiliates would not have any obligation or Liability; (C) enter into, amend or renew any employment, individual consulting, severance, retention, change in control or similar agreements or arrangements with any director, officer, employee or individual consultant of any Target Company except (other than for a Key Person) on terms that are in the ordinary course of business consistent with past practice, including increases that are consistent with past increases, for the applicable position (it being understood that any such employment agreement may provide for severance in the ordinary course of business consistent with past practices);

(viii) (A) enter into, establish, adopt or amend any Target Company Benefit Plan or other pension, retirement, stock option, stock purchase, profit sharing, deferred compensation, bonus, severance, group insurance, employee benefit, incentive or welfare contract, plan or arrangement in respect of any director, officer, employee or individual consultant of any Target Company, or take any action to accelerate the vesting of compensation or benefits payable thereunder (other than in respect of Parent Benefit Plans), except (other than in respect of any employment, individual consulting, severance, retention, change in control or similar agreements or arrangements of Key Persons for which Purchaser and its Affiliates would have any obligation or Liability): (1) as may be required by applicable Law, (2) to satisfy contractual obligations under this Agreement or existing as of the date of this Agreement, (3) pursuant to national trade agreements; (4) to comply with any judicial or administrative order from any Government Authority, (5) as part of an annual renewal process consistent with past practice, including increases that are consistent with past increases, or (6) in the ordinary course of business consistent with past practice, including increases that are consistent with past increases, provided, however, that notwithstanding the foregoing, any newly hired or recently promoted employee (other than any employee replacing a Key Person) shall be eligible to participate in any existing contract, plan or arrangement on terms that are in the ordinary course of business consistent with past practice for the applicable position; further provided, that the amount of cumulative, aggregate costs of all changes under this subsection (A) shall

not exceed the total budgeted amount for any such contract, plan or arrangement, or (B) enter into, establish, adopt or amend any pension, retirement, stock option, stock purchase, profit sharing, deferred compensation, bonus, severance, group insurance, employee benefit, incentive or welfare contract, plan or arrangement in respect of any Business Employee, except (other than in respect of any employment, individual consulting, severance, retention, change in control or similar agreements or arrangements of Business Employees for which Purchaser and its Affiliates would have any obligation or Liability) in any manner such that the resulting terms or increases in amounts applicable to any Business Employee is not disproportionately favorable to such Business Employee relative to the resulting terms or increases in amounts applicable to similarly situated non-Business Employees;

(ix) make any change, in any material respect, in accounting methods, principles, practices or policies used by any Subject Company or in the manner of application of such methods, principles, practices or policies, except insofar as may be required by Law or applicable accounting principles;

(x) make, change or revoke any Tax election (including any entity classification election), change an annual accounting period, change any taxable year, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement with respect to Taxes, settle any claim for Taxes or assessments relating to it, surrender any right to claim a refund of Taxes, consent to any extension or waiver of any limitation period applicable to any claim for Taxes or assessments relating to it;

(xi) other than the settlement of collection Actions in the ordinary course of business consistent with past practice, settle any pending or threatened Action (A) with a value greater than \$1,750,000 individually or \$7,500,000, in the aggregate, and for which a reserve has not been established by the applicable Subject Company or (B) for an amount more than 15% above the amount of any reserve established for such Action by the applicable Subject Company;

(xii) other than in the ordinary course of business consistent with past practice, sell, lease, license or otherwise dispose of, grant an Encumbrance on or permit an Encumbrance to exist on, or agree to sell, lease, license, or otherwise dispose of, or grant or permit an Encumbrance on, any properties or assets of the Subject Companies with a value greater than \$2,500,000, in each case, other than any Permitted Encumbrances;

(xiii) acquire a substantial portion of the assets or business of any Person or any division or line of business thereof, or otherwise acquire any assets or properties, in each case, whether in a single transaction or a series of related transactions, with a value greater than \$2,500,000, or enter into any new line of business;

(xiv) make any distribution (whether in cash, stock, equity rights or property), declare or pay any dividend, effect a reduction of the capital, or enter into any contractual commitment to effect any of the foregoing;

(xv) commence any proceeding or file any petition in any court relating to the bankruptcy, reorganization, insolvency, dissolution, liquidation or relief from debtors, in any case, in respect of any Subject Company;

(xvi) enter into any new Contract that, if existing on the date hereof, would be a Specified Contract (other than a Specified Contract described in Section 3.15(a)(i), Section 3.15(a)(iv), Section 3.15(a)(v), to the extent entered into in the ordinary course of business consistent with past practice, or Section 3.15(a)(x) or Section 3.15(a)(xi)), or amend, modify, waive, renew or terminate, in each case, in any material respect, any material right under any existing Specified Contract except renewals, extensions or replacements of existing Specified Contracts on terms that are, in the aggregate, at least as favorable in all material respects to the Target Company as the terms thereof on the date of this Agreement or fail to comply with any material obligation of the relevant Subject Company under any Specified Contract;

(xvii) other than in the ordinary course of business consistent with past practice, sell, lease, license or otherwise dispose of, grant an Encumbrance on or permit an Encumbrance to exist on, or agree to sell, lease, license, or otherwise dispose of, or grant or permit an Encumbrance on, any Intellectual Property or IT Assets owned or used by the Subject Companies;

(xviii) fail to maintain any Scheduled Intellectual Property or fail to use reasonable measures to protect the confidential nature of the material trade secrets of the Target Companies;

(xix) make or commit to make capital expenditures in excess of \$2,000,000 individually and \$5,000,000 in the aggregate;

(xx) enter into, modify or terminate any labor or collective bargaining agreement of any Target Company or, through negotiation or otherwise, make any commitment to incur any Liability to any labor organization with respect to any Target Company except pursuant to national trade agreements;

(xxi) other than actions taken in the ordinary course of business consistent with past practice, take or permit any of its Affiliates to take any action that would result in any Securitization Servicer, Securitization Originator, Securitization Depositor or Securitization Issuing Entity failing to comply in any material respect with its obligations under any applicable Securitization Instrument;

(xxii) other than in the ordinary course of business, consistent with past practice, and except as required by Law, applicable accounting standards updating requirements of internal policies and procedures in place as of the date hereof, changes to policies and procedures applicable to Parent and its Affiliates and not targeted at the Target Companies or the Securitization Instruments, modify, replace or supersede the any credit, underwriting or collection practices of any Target Company in any material respect;

(xxiii) transfer the employment of any Business Employee to a position outside of the Target Business; or

(xxiv) affirmatively authorize or commit to do any of the actions prohibited by this Section 5.1(a).

(b) Notwithstanding anything to the contrary in Section 5.1(a), or any other provision of this Agreement or any other Transaction Document, neither Parent nor any of its Affiliates shall be



prevented from undertaking, be required to obtain Purchaser's consent in relation to, or incur any Liability as a result of effecting any of the following:

- (i) any matter required by Law or any Government Authority;
- (ii) the implementation of any transaction or the taking of any action expressly contemplated to be taken in any Transaction Document, including any action that arises as a result of the fact that more than one Closing may occur;
- (iii) any matter disclosed in Section 5.1(b) of Parent's Disclosure Letter;
- (iv) the performance of an obligation under any Contract existing as at the date hereof;
- (v) the contribution of any funding to any Subject Company in the ordinary course of business consistent with past practice;
- (vi) the release or discharge of any Liability owed by a Subject Company to Parent or any of its Affiliates, or owed by Parent or any of its Affiliates to a Subject Company;
- (vii) the amendment, modification or revision of the terms of any European Intercompany Loan pursuant to Section 5.17;
- (viii) any action taken in connection with disaster recovery or related emergency response efforts with the intention of minimizing any adverse effect resulting from such efforts (provided that Parent shall promptly notify Purchaser of any such efforts); or
- (ix) the assignment of any Transfer In-Process Marks to Parent.

Section 5.2 Sale of Target Equity Interests. Except in connection with the Restructuring or the transactions contemplated hereby, between the date hereof and the Final Closing, Parent shall not, and shall cause each of the Sellers not to (except as may be approved by Purchaser (such approval not to be unreasonably withheld, conditioned or delayed)), issue, sell, transfer, dispose of or encumber any Target Equity Interests or rights in respect thereof, or admit any new partner or member with respect to any Target Company.

Section 5.3 Cooperation.

(a) Each of Parent, Purchaser Topco and Purchaser shall, and shall cause their respective Affiliates to, cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on their respective parts under this Agreement and applicable Laws to satisfy the conditions set forth in Article VI and to consummate and make effective the transactions contemplated by the Transaction Documents with the intent of effecting each Closing as promptly as practicable, including preparing and filing all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, waivers, orders, interpretive guidance, exemptions, Permits and authorizations necessary to be obtained from any Government Authority (including the Required Governmental Approvals) in order to consummate the transactions contemplated hereby; provided, however, that each Party

agrees to, and to cause its respective Affiliates to, reasonably consult with each other in advance of any filing, and agrees to consider and reasonably take into account the views of the other Party in connection with each such filing. Without limiting the generality of the foregoing, each Party shall, and shall cause its respective Affiliates to, make timely and as promptly as practicable (and in no event later than 30 calendar days after the date hereof or within such further period acceptable to both Parties) all filings and submissions required under any applicable Law in connection with the Transaction Documents and the transactions contemplated thereby, and file promptly any additional information requested under any applicable Law in connection therewith, after receipt of the request therefor.

(b) Without limiting the generality of this Section 5.3, the Parties shall reasonably cooperate with each other and shall each furnish to the other all information reasonably necessary or desirable in connection with making any application or other filing required to be made pursuant to any applicable Law, and in connection with resolving any investigation or other inquiry by any Government Authority under any applicable Laws, in each case, with respect to the transactions contemplated by the Transaction Documents. Each Party shall as promptly as reasonably practicable inform the other of any communication (including promptly furnishing copies of any written communication) with or from, and any proposed understanding, undertaking or agreement with, any Government Authority regarding such applications and filings. Neither Party nor any of their respective Representatives shall agree to participate in any substantive meeting or discussion with any Government Authority in respect of any filing, investigation or inquiry concerning the transactions contemplated by this Agreement unless it consults with the other Party in advance and, to the extent permitted by such Government Authority, gives the other Party the opportunity to attend. The Parties shall consult and reasonably cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of either Party in connection with all meetings, actions and proceedings under or relating to any applicable Laws in connection with the transactions contemplated by this Agreement (including, with respect to making a particular filing, by providing copies of all such documents to the non-filing Party prior to filing, giving due consideration to all reasonable additions, deletions or changes suggested in connection therewith). Any such provision of information by one Party to the other may be made on a counsel-only basis to the extent required under applicable Law (including any anti-gun jumping Laws), and any such materials may be redacted (i) to remove references concerning the valuation of the Target Companies, (ii) as necessary to comply with contractual arrangements, (iii) as necessary to address reasonable attorney-client or other privilege or confidentiality concerns or (iv) as otherwise necessary to comply with applicable Law.

(c) Without limiting the generality of this Section 5.3, each of Parent, Purchaser Topco and Purchaser agrees to use its reasonable best efforts to take or cause to be taken all actions necessary (i) to obtain any and all consents, registrations, approvals, waivers, orders, interpretive guidance, exemptions, Permits and authorizations necessary to be obtained from any Government Authority (including the Required Governmental Approvals) to cause the transactions contemplated by this Agreement to occur prior to the Outside Date and (ii) to avoid or eliminate each and every impediment to obtaining any and all consents, registrations, approvals, waivers, orders, interpretive guidance, exemptions, Permits and authorizations necessary to be obtained from any Government Authority (including the Required Governmental Approvals) to cause the transactions contemplated by this Agreement to occur prior to the Outside Date; provided, however, that in respect of each Closing, nothing contained herein will require Purchaser Topco, Purchaser or any of their Affiliates (which for purposes of this proviso shall include the Target Companies) to (x) agree to sell, divest, dispose of or hold separate any assets or businesses, (y) take or commit to take any action that limits

its freedom of action with respect to, or its ability to retain, one or more of its businesses, product lines or assets, except in the case of Purchaser and its Controlled Affiliates only, in a manner that would not be materially burdensome to the applicable Target Business Segment, or (z) litigate, pursue or defend against any administrative or judicial action or proceeding (including any temporary restraining order or preliminary injunction) challenging any of the transactions contemplated hereby.

(d) The Parties shall keep each other apprised of the status of matters relating to completion of the transactions contemplated by this Agreement, including promptly furnishing the other with copies of any material notices or other communications received by either Party or its Affiliates (as the case may be) or, to its Knowledge, its Representatives from any Government Authority with respect to the transactions contemplated by this Agreement, in each case to the extent permitted by applicable Law. The Parties shall give prompt notice to each other of any development or combination of developments that, individually or in the aggregate, is reasonably likely to prevent, materially delay or materially impair its respective ability to consummate the transactions contemplated by this Agreement, including the failure to satisfy a condition to the Closing set forth in Article VI; provided, however, that no such notification shall affect the representations, warranties, covenants or obligations of the Parties or the conditions to the obligations of the Parties under this Agreement.

Section 5.4 Pre-Closing Restructuring. Between the date hereof and the Final Closing, Parent shall effect the Restructuring. Notwithstanding the foregoing, Parent's obligation pursuant to this Section 5.4 shall be subject to the filing of all documentation to effect all necessary notices, reports and other filings with and obtaining all consents, registrations, approvals, waivers, orders, interpretive guidance, exemptions, Permits and authorizations from all applicable Government Authorities with respect to the Restructuring. Parent or one or more of its Affiliates (other than the Target Companies) shall bear all out-of-pocket costs and expenses (including any fees and Taxes) incurred in connection with the Restructuring. Parent agrees to keep Purchaser reasonably informed on a timely basis regarding the timing and actions taken (as described in Section 1.1(f) of Parent's Disclosure Letter) in connection with the Restructuring.

#### Section 5.5 Access and Information.

(a) With respect to each Subject Company, from the date hereof until the Closing at which such Subject Company is sold, subject to any applicable Law, Parent, to the extent not unreasonably disruptive to the business and employees of such Subject Company, shall, and shall cause its Affiliates to, (i) afford Purchaser and its Affiliates, subject to any confidentiality restrictions, reasonable access during normal business hours upon reasonable advance notice to the books and records and other documents of the Subject Company and assets, properties and senior management and personnel of such Subject Company and its Affiliates, agents and auditors, and (ii) promptly furnish, or cause to be furnished, to Purchaser such technical, financial and operating data and other information (or copies thereof) with respect to such Subject Company, as may from time to time be reasonably requested by Purchaser, in each case, to the extent reasonably required by Purchaser to ensure an orderly and efficient transition of (including for the purposes of retaining personnel (including Key Personnel) of or related to) such Subject Company to Purchaser, to prepare for the Closing relating to such Subject Company, any financing contemplated by Section 5.14 and to facilitate the satisfaction of the conditions to the Closing relating to such Subject Company under Article VI; provided, however, that in no event shall Purchaser have access to any information (i) that relates solely to any portion of the business of Parent or its Affiliates that is not being

transferred pursuant to this Agreement or (ii) in Parent's reasonable determination, the disclosure of which would violate applicable Law, or could affect any legal privilege. In the event that disclosing information would violate any obligation of Parent or any of its Affiliates with respect to confidentiality, the Parties shall reasonably cooperate so the information might be made available in a redacted format, or, if such redaction would result in pertinent information being omitted, Parent shall make such information available if Purchaser delivers confidentiality, and if reasonably required, indemnity, undertakings reasonably satisfactory to Parent. No information provided to or obtained by Purchaser pursuant to this Section 5.5(a) or otherwise obtained after the execution of this Agreement shall limit or otherwise affect the remedies available hereunder to Purchaser (including Purchaser's right to seek indemnification pursuant to Section 8.2), or the representations or warranties of, or the conditions to the obligations of, the Parties hereto.

(b) Following the first Closing hereunder until the sixth (6th) anniversary of such Closing, to the extent permitted by applicable Law, Purchaser agrees to provide (or cause its Affiliates to provide) Parent with all necessary access to all books and records and other documents that Purchaser has acquired pursuant to this Agreement and to its Representatives to the extent that such access is reasonably required by Parent or any of its Affiliates and is not unreasonably disruptive to the business and employees of Purchaser and its Affiliates, (i) to prepare any required financial statements, Tax filings or regulatory filings of Parent in respect of periods ending on or prior to any Closing, (ii) to comply with the terms of any Transaction Document, any applicable Law or request of any Government Authority, (iii) to defend or prosecute any judicial, arbitral or regulatory proceeding to which Parent or any of its Affiliates is a party relating to the business and affairs of any Subject Company prior to any Closing or (iv) in connection with any claim for indemnity made under or pursuant to this Agreement, in each case, subject in the case of any Confidential Information of Purchaser or any of its Affiliates to Parent and its Representatives agreeing to maintain the confidentiality of such information; provided, however, that in no event shall Parent have access to any information the disclosure of which, based on advice of Purchaser's counsel, or in Purchaser's reasonable determination, would violate applicable Law or could destroy any legal privilege. All such information made available to Parent under this Section 5.5(b) shall be deemed Confidential Information and shall be subject to Section 5.6 (including Section 5.6(c)). In the event that disclosing information would violate any obligation of Purchaser or any of its Affiliates with respect to confidentiality, the Parties shall reasonably cooperate so the information might be made available in a redacted format. Purchaser agrees to (or to cause its Affiliates to) retain and preserve all books and records and all other documents that it and its Affiliates acquire pursuant to this Agreement in accordance with Purchaser's internal document retention policies.

(c) Following the first Closing hereunder until the sixth (6th) anniversary of such Closing, to the extent permitted by applicable Law, Parent agrees to provide (or cause its Affiliates to provide) Purchaser with all necessary access to all books and records and other documents of Parent and to its Representatives to the extent that such access is reasonably required by Purchaser or any of its Affiliates and is not unreasonably disruptive to the business and employees of Parent and its Affiliates, (i) to prepare any required financial statements, reports (including servicer or investor reports), Tax filings or regulatory filings of Purchaser, including with respect to any Securitization Transaction, in respect of periods ending on or prior to any Closing, (ii) to comply with the terms of any Transaction Document, any applicable Law or request of any Government Authority, (iii) to defend or prosecute any judicial, arbitral or regulatory proceeding to which Purchaser or any of its Affiliates (which, as of and after a Closing, shall include any Subject Company transferred at such Closing) is a party relating to the business and affairs of the applicable Target Business Segment prior to such Closing or (iv) in connection with any claim for indemnity made under or pursuant

to this Agreement, in each case, subject in the case of any Confidential Information of Parent or any of its Affiliates to Purchaser and its Representatives agreeing to maintain the confidentiality of such information; provided, however, that in no event shall Purchaser have access to any information the disclosure of which, based on advice of Parent's counsel, or in Parent's reasonable determination, would violate applicable Law or could destroy any legal privilege. All such information made available to Purchaser under this Section 5.5(c) shall be deemed Confidential Information and shall be subject to Section 5.6 (including Section 5.6(c)). In the event that disclosing information would violate any obligation of Parent or any of its Affiliates with respect to confidentiality, the Parties shall reasonably cooperate so the information might be made available in a redacted format. Parent agrees to (or to cause its Affiliates to) retain and preserve all books and records and all other documents that it and its Affiliates transfer to Purchaser pursuant to this Agreement in accordance with Parent's internal document retention policies.

(d) From the date hereof until the applicable Closing, Parent shall provide to Purchaser copies of all servicer and security holder reports required to be delivered by any Subject Company, or any of its Affiliates, under each Securitization Transaction, within five Business Days following the date such report is required to be delivered under the applicable Securitization Instruments.

(e) Within thirty (30) days of the date hereof, Parent shall make available to Purchaser complete copies of (i) all material Contracts related to Material Indebtedness, (ii) any Contract for employment of any individual or firm on a full-time, part-time or consulting or other basis providing annual compensation in excess of \$300,000, to the extent such Contract is in the possession of Parent, (iii) a list of each Insurance Policy not set forth on Section 3.17 of Parent's Disclosure Letter and (iv) a list of all Scheduled Intellectual Property not listed on Section 3.14(a) of Parent's Disclosure Letter.

#### Section 5.6 Confidentiality.

(a) The first (other than the first two sentences thereof), third, fourth and fifth paragraphs of the Confidentiality Agreement shall cease to have any force or effect as of the Final Closing. Paragraph six of the Confidentiality Agreement is hereby amended as of the Final Closing to extend the term thereof until the third anniversary of the Final Closing and to apply only to employees of Parent and its Affiliates (other than the Target Companies).

(b) Subject to Section 5.6(c) and Section 5.7, from and after the Final Closing, (i) each Party that receives or obtains Confidential Information, or whose Affiliates receive or obtain Confidential Information (collectively, the "Receiving Party"), from the other Party or any of its Affiliates (collectively, the "Disclosing Party") as a result of entering into this Agreement (or any agreement entered into pursuant to this Agreement) shall treat, and shall cause its Representatives to treat, such Confidential Information as confidential and shall not disclose or use any such Confidential Information except as provided herein.

(c) Section 5.6(b) shall not prohibit disclosure or use of any Confidential Information if and to the extent: (i) the disclosure or use is required by Law, any Government Authority or any recognized stock exchange on which the Equity Interests of the Receiving Party or its Affiliates are listed (provided that, to the extent permitted by applicable Law, prior to such disclosure or use the Receiving Party shall (A) promptly notify the Disclosing Party of such requirement and provide the Disclosing Party with a list of Confidential Information to be disclosed and (B) reasonably cooperate (at the Disclosing Party's cost) in obtaining a protective order covering, or confidential

treatment for, such Confidential Information), (ii) the disclosure is to any Government Authority having jurisdiction over the Receiving Party or any of its Affiliates in connection with ordinary course discussions with, and examinations by, such Government Authority; (iii) disclosed to any Government Authority with jurisdiction over the Receiving Party or its Affiliates ( provided that, to the extent permitted by applicable Law, prior to such disclosure the Receiving Party shall (A) promptly notify the Disclosing Party of such requirement and provide the Disclosing Party with a list of Confidential Information to be disclosed and (B) reasonably cooperate (at the Disclosing Party's sole cost) in obtaining a protective order covering, or confidential treatment for, such Confidential Information), (iv) the disclosure or use is required for the purpose of any judicial proceedings arising out of this Agreement or any other agreement entered into under or pursuant to this Agreement or the disclosure is made in connection with the Tax affairs of the Disclosing Party, (v) the disclosure is made to the Receiving Party's Representatives on a need-to-know basis (with the understanding that the Receiving Party shall be responsible for any breach by its Representatives of this Section 5.6, (vi) the Confidential Information is or becomes generally available to the public (other than as a result of a disclosure, directly or indirectly, in contravention of this Section 5.6 or the Confidentiality Agreement by the Receiving Party or its Representatives), (vii) the Confidential Information is already in the Receiving Party's possession ( provided that such Confidential Information is not known by the Receiving Party to be subject to another confidentiality obligation to the Disclosing Party), (viii) the Confidential Information is or becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party ( provided that such sources are not known by the Receiving Party to be subject to another confidentiality obligation to the Disclosing Party), (ix) in the case of disclosure or use by Purchaser and its Affiliates, the Confidential Information relates exclusively to the Target Companies and is independently developed after the Final Closing, or (x) the disclosure or use of such Confidential Information is made with the Disclosing Party's prior written approval.

Section 5.7 Announcements. Neither Party shall, and they shall cause their respective Affiliates not to, issue any press release or make any written public announcement relating to the subject matter of this Agreement until the Final Closing without the prior review and written approval of the other Party (which approval shall not be unreasonably withheld, conditioned or delayed); provided, however, the foregoing shall not prohibit such disclosure if required by Law, any Government Authority or any recognized stock exchange on which the Equity Interests of either Party or any of their respective Affiliates are listed (in which case the applicable Party will use its reasonable best efforts to consult with the other Party before making the disclosure and to allow such other Party to review the text of the disclosure before it is made).

#### Section 5.8 Insurance.

(a) With respect to each Target Business Segment, Parent shall (i) keep, or cause to be kept, all Insurance Policies or suitable replacements therefor (with terms, conditions, retentions and limits of liability that are substantially similar in all material respects to the existing policies or otherwise consistent with the market practice of businesses of a similar size and type), in full force and effect through the close of business on the Closing Date relating to such Target Business Segment, and (ii) use commercially reasonable efforts to protect the rights of the insured Persons under such insurance policies or replacements in all material respects, including by causing said insured Persons to (A) pay or otherwise satisfy or have satisfied any unpaid premiums when due with respect to any period ending at or prior to the Closing relating to such Target Business Segment, (B) provide any reasonably required notices (including renewal notices or, if applicable, other documentation reasonably required to continue in full force and effect the Insurance Policies) to

the issuers thereof, and (C) act reasonably in respect of any decision whether to submit and pursue Target Company claims on a timely basis under the Insurance Policies, and (iii) notify Purchaser of any Target Company claims made pursuant to such insurance policies on or after the date hereof, in excess of \$500,000 in respect of any individual claim.

(b) Purchaser and its Affiliates (which, as of and after any Closing, shall include the Subject Companies) will not have access to, and shall not be permitted to make any claims under, any of Parent's or any of its Affiliate's insurance policies and programs with respect to any events or circumstances, including events or circumstances relating to a Subject Company that occurred or existed prior to the Closing relating to such Subject Company; provided that nothing in this Section 5.8 shall preclude Purchaser Indemnified Persons from making any claim for indemnification pursuant to Article VIII; provided, further, however, that Parent (i) shall use commercially reasonable efforts to pursue and collect claims arising prior to the applicable Closing for coverage for Losses involving the assets, properties and liabilities of the Subject Companies or the operation (or interruption) of business conducted by the Subject Companies, if and to the extent Parent would pursue such claims pursuant to its internal policies and procedures had such Closing not occurred, (ii) shall keep Purchaser reasonably apprised of developments concerning such claims, and (iii) shall promptly pay any amounts collected in respect of any such claim, net of any external expenses incurred by Parent in connection with its actions pursuant to this proviso, after the applicable Closing Date to Purchaser for the benefit of the Subject Companies.

(c) Parent shall obtain and prepay an extended reporting period of six years under each of the D&O Insurance Policies (the "Run-Off Insurance"); Parent shall use commercially reasonable efforts to obtain such Run-Off Insurance prior to the First Closing, and in the event Parent is unable to acquire Run-Off Insurance prior to the First Closing, Parent shall obtain it as promptly as practicable thereafter, and such Run-Off Insurance shall have a commencement date of the First Closing Date. Such Run-Off Insurance shall be obtained on terms and conditions substantially similar to the terms and conditions in the current D&O Insurance Policies.

#### Section 5.9 Interest in Intellectual Property.

(a) Except as specifically provided in this Section 5.9 or the Transitional Trademark License Agreement, Purchaser acknowledges and agrees that none of Purchaser or its Affiliates (including, after any Closing, the Subject Companies transferred at such Closing) is purchasing, acquiring, receiving a license to or otherwise obtaining any right, title or interest in, to or under any Intellectual Property owned or licensed by Parent or any of its Affiliates (other than the Target Companies to the extent they are purchased and sold hereunder), including the Parent Trademarks.

(b) Except as expressly permitted in the Transitional Trademark License Agreement, (i) Purchaser shall, and shall cause its Affiliates (which, as of and after any Closing, shall include the Target Business Segment transferred at such Closing) to, cease and discontinue all uses of the Parent Trademarks, and (ii) Parent shall, and shall cause its Affiliates to, cease and discontinue all uses of the Company Trademarks. Purchaser, for itself and its Affiliates (which, as of and after any Closing, shall include the Subject Companies transferred at such Closing), agrees that the rights of the Target Companies to the Parent Trademarks pursuant to the terms of any trademark agreements between Parent and its Affiliates, on the one hand, and such Target Companies, on the other hand, shall terminate as of the Closing relating to such Target Company and be replaced by such rights as are provided by the Transitional Trademark License Agreement. Parent, for itself and its Affiliates, agrees that any of their respective rights to the Company Trademarks pursuant to the terms of any

trademark agreements between Parent and its Affiliates, on the one hand, and any Target Company, on the other hand, shall terminate as of the Closing relating to such Target Company and be replaced by such rights as are provided by the Transitional Trademark License Agreement.

(c) Purchaser hereby irrevocably and unconditionally covenants, and will cause its Affiliates (which, as of and after any Closing, shall include the Subject Companies transferred at such Closing) and its and their respective successors and assigns to covenant, not to, after any Closing, assert, initiate, file, or otherwise commence anywhere in the world any Action, or participate in or provide support for any such Action, against Parent or its Affiliates, or their respective successors or assigns or their respective officers, directors, employees, agents, direct or indirect customers, users, licensees, direct or indirect suppliers, service providers, distributors, resellers or contractors for infringement, misappropriation, or other violation of any patents, copyrights or trade secrets (in each case, other than with respect to software) owned by any of the Subject Companies transferred at such Closing and used in the ordinary course of business at that time by Parent or its Affiliates other than the Target Companies.

(d) Parent and other Sellers each hereby grant to Purchaser and its Affiliates (including the Target Companies) a worldwide, perpetual and irrevocable license under their respective owned Intellectual Property that is in existence and used in each Target Business Segment on each Closing Date (other than Trademarks), for use in the Target Business solely in the manner used in the Target Business as of the applicable Closing Date, it being understood that with respect to any Intellectual Property associated with any website, website content, marketing collateral or any similar materials in Mexico, such materials may be used in their current form as permitted under the Transitional Trademark License Agreement for Mexico.

(e) Prior to the first Closing, Parent shall, and shall cause its Affiliates to, use commercially reasonable efforts to ensure that: (i) all Scheduled Intellectual Property is properly filed in the current name of one of the Target Companies in the applicable jurisdiction; (ii) sole and exclusive title to all software (x) owned by Parent or its Subsidiaries and used exclusively by or for the Target Companies and/or (y) identified as having ownership by “GMAC” under the “IP Ownership” column in Section 5.9(e) of the Parent Disclosure Letter, is transferred to a Target Company; (iii) all ownership interest Parent and any applicable Affiliate has in the software identified under the heading “HP Software” of Section 5.9(e) of the Parent Disclosure Letter is transferred to a Target Company; (iv) all licenses to software (x) used by or for the Target Companies and not used by Parent itself or for its other Subsidiaries or (y) identified as “Licensed” under the “IP Ownership” column in Section 5.9(e) of the Parent Disclosure Letter, are transferred to a Target Company, subject to any transfer or assignment restrictions set forth in such licenses; and (v) it works with Purchaser in good faith to determine if any Trademarks owned by Parent or its Affiliates and used exclusively by the Target Companies other than the Scheduled Intellectual Property, the Parent In-Process Marks and the Company In-Process Marks should be transferred to a Target Company; with the Parties in each case to equally share all costs related thereto (collectively, the “Title Corrections”); with the Parties in each case to equally share all costs related thereto, except for fees associated with any consent obtained under (vi) above which shall be borne solely by Purchaser. If, as of any Closing, any Title Correction has not been completed that is applicable to the Target Companies involved in such Closing, Purchaser shall take all actions necessary to complete such Title Correction after such Closing. After such Closing, Parent shall cooperate in good faith with Purchaser in effectuating Title Corrections, including, but not limited to, the timely execution and delivery of necessary documentation to Purchaser.



(f) Within 14 days after the date hereof, Parent shall deliver to Purchaser a list of known deviations from the Ally Global Information Security Policy and any associated mitigating measures taken.

(g) Within 30 days after the date hereof, Parent shall deliver to Purchaser a list of all registered Internet domain names owned by the Target Companies or owned by Parent or its Affiliates and used by the Target Companies. For such domain names that contain a Target Company Trademark but not a Parent Trademark, Parent shall transfer ownership to a Target Company to the extent not already owned by a Target Company; for such domain names that contain a Parent Trademark but not a Target Company Trademark, Target Company shall transfer ownership to the Parent or its Affiliates to the extent not currently owned by the Parent or its Affiliates and Parent or its Affiliates shall license such domain names to the relevant Target Company(ies) pursuant to the relevant Transitional Trademark License Agreement (by adding it to the list of Licensed Trademarks). For all other such domain names, the parties shall negotiate in good faith on ownership and usage rights thereto, provided that neither party shall be forced to abandon use of a domain name without a reasonable transitional period. For purposes of this provision, the terms "Target Company Trademark" and "Parent Trademark" shall include misspellings thereof.

#### Section 5.10 Cooperation Regarding Transition Arrangements.

(a) Subject to applicable Law, with respect to each Subject Company, between the date of this Agreement and the earlier of the Closing for such Subject Company and the termination of this Agreement, each Party shall reasonably cooperate with the other Party to assist each other in planning and implementing necessary and appropriate policies, procedures and other arrangements in connection with the transition of ownership of such Subject Company, including the services to be provided pursuant to the Transition Services Agreement. As necessary in connection therewith, each Party shall designate certain of their respective employees as "Transition Coordinators" to coordinate planning and implementation contemplated by this Section 5.10(a).

(b) The Parties shall, and shall cause their respective Affiliates to, use their respective reasonable best efforts to obtain any consents and approvals and make any other notifications that may be required in connection with the provision of services and access to certain facilities following any Closing pursuant to the Transition Services Agreement. The Parties agree that any costs and expenses payable to third parties (other than the respective Representatives of each of the Parties) in connection with the procurement of any such consents or waivers of third parties necessary or advisable for the provision of such services and access to such facilities shall be borne by the Party who (or whose Affiliates) will receive such services or access pursuant to the Transition Services Agreement. If the Parties are unable to obtain any such consent or approval prior to the applicable Closing, the Parties shall use reasonable best efforts to obtain, as of such Closing, a commercially reasonable alternative to such services and access to the facilities and the costs and expenses payable to obtain such alternative (but not the costs and expenses for the ongoing receipt of such alternative services and access to the facilities) shall be borne by the Party who (or whose Affiliates) will receive such services or access pursuant to the Transition Services Agreement.

#### Section 5.11 Employee Matters.

(a) Effective as of and from the applicable Closing, each Continuing Employee (as defined below) as of immediately prior to the applicable Closing shall continue in employment as of the applicable Closing Date with the applicable Target Company. To the extent that the Purchaser and any of its Affiliates requires the services of any Key Person prior to the applicable Closing Date on

which such Key Person becomes either a Transferred Employee or a Continuing Employee, the parties agree to enter into a transition services agreement covering the provision of such services having terms substantially similar to those contained in the Global Services Agreement between the parties as of the date hereof; and to the extent that the Purchaser and its Affiliates require the services of any employees or consultants of a Target Company other than a Key Person prior to the applicable Closing Date, the parties agree to mutually and reasonably agree on such other employees or consultants selected to provide services pursuant to such transition services agreement. For a period of one year following the applicable Closing Date, neither the Purchaser nor any of its Affiliates shall transfer the employment of any employee employed by a Target Company located in France immediately prior to the applicable Closing Date to a different entity to the extent that such transfer could create Liability for Parent or any of its Affiliates. For the avoidance of doubt, any reference under this Section 5.11 and Section 5.11(a) of Parent's Disclosure Letter to the "applicable Closing" or "applicable Closing Date" in respect of any Business Employee providing services to GMAC-SAIC Automotive Finance Company Limited shall be the Completion Date (as defined in the Share Transfer Agreement, dated as of the date hereof, between Parent and Purchaser with respect to the sale and transfer of Parent's 40% equity interest in GMAC-SAIC).

(b) By the later of 60 days following the date hereof or the 21st day before the Effective Hire Date, Purchaser shall or shall cause an Affiliate thereof to make an offer of employment in writing to each Business Employee set forth on Section 5.11(a) of Parent's Disclosure Letter; provided that such Business Employee is still employed by Parent or an Affiliate thereof as of such date, and, provided further, that Parent and its Affiliates have complied with all of its obligations under the terms of this Agreement in respect of the Business Employees as of the date of such offer of employment. The Purchaser shall provide a draft of its form of employment offer to Parent for review over a reasonable period of time and shall reasonably consider in good faith any comments provided by Parent prior to delivery of any written employment offer to any Business Employee. Each such offer of employment shall be in compliance with applicable Law, with such employment to take effect under the terms stated herein upon the applicable Business Employee's Effective Hire Date. Subject to the requirements of applicable Law, each such offer to a Business Employee shall be for employment (A) in a position comparable to such Business Employee's position as of the time such offer is made, (B) with base compensation and target incentive compensation opportunities substantially comparable to the aggregate amount of such Business Employee's base compensation and target incentive compensation opportunities (including the value of equity compensation opportunities, it being understood that such portion of the Business Employee's compensation does not need to be in the form of equity based compensation but excluding change in control or retention bonuses) immediately preceding the Effective Hire Date; provided, however, that with respect to cash annual incentive compensation opportunities, the relevant comparison shall be to the amount of such cash annual incentive compensation opportunities as in effect as of the date hereof, (C) at a work location within 35 miles of such Business Employee's current work location and (D) with employee welfare and retirement benefits that are substantially comparable in the aggregate to the welfare and retirement benefits provided to such Business Employee in the aggregate immediately preceding the Effective Hire Date (collectively, the "Initial Terms and Conditions of Employment"). Business Employees who commence employment with Purchaser or its Affiliates shall be referred to herein as "Transferred Employees." Transferred Employees shall be provided with the Initial Terms and Conditions of Employment during their employment through the first anniversary of the applicable Effective Hire Date. Parent shall provide Purchaser with information that Purchaser reasonably requests to comply with Purchaser's obligations under this Section 5.11(b), including with respect to each Business Employee, to update his or her current base compensation, date of hire, position and work location, and to provide correct summaries of all benefit and compensation

plans, contracts, policies, agreements or arrangements in which Business Employees participate. Purchaser shall provide Parent with information that Parent reasonably requests (A) to verify that such offers of employment are in compliance with this Section 5.11(a) and (B) regarding Business Employees' acceptances and rejections of such offers of employment. Business Employees' commencement of employment with Purchaser shall not be conditioned upon such employees satisfactorily completing a background investigation, drug test or other employment screening process except to the extent that any such process is required as a matter of such employees' professional certification or qualification or Purchaser's and any of its Affiliates' obtaining or maintaining a license, permit or authorization to conduct business, if any, and shall not include a probationary period. Purchaser and its Affiliates shall be responsible to provide each Business Employee who does not receive an employment offer that complies with this Section 5.11(b) or is terminated by Purchaser and its Affiliates within one year following the Effective Hire Date with severance payments and benefits that are on substantially similar terms and in the same amount as the severance payments and benefits that would have been provided by Parent and its Affiliates to such Business Employee, had such termination occurred immediately prior to the Effective Hire Date, under the terms of the written severance benefit plan or arrangement applicable to each such Business Employee (a correct copy of which has been made available to Purchaser). Effective as of the Effective Hire Date, the Transferred Employees shall cease to actively participate in and to accrue benefits under the employee benefit plans and programs of Parent and its Affiliates. The "Effective Hire Date" shall mean, with respect to each Business Employee, the date set forth for each such Business Employee in Section 5.11(a) of Parent's Disclosure Letter.

(c) Purchaser shall, or shall cause its Affiliates to treat each non-union employee of a Target Company who continues in employment with the Target Companies as of or after the applicable Closing Date as a "Continuing Employee". Subject to compliance with applicable Law, Continuing Employees, during their employment with the Purchaser or any Affiliate thereof after the applicable Closing Date shall receive during the one-year period commencing on the applicable Closing Date or such longer period as required by applicable Law, (i) base compensation and target-incentive compensation opportunities that, in the aggregate, are substantially comparable to the aggregate amount of base compensation and target incentive compensation opportunities (including the value of equity compensation opportunities, it being understood that such portion of the Continuing Employee's compensation does not need to be in the form of equity based compensation but excluding change in control, retention or similar compensation) as in effect for each such Continuing Employee as of immediately prior to the applicable Closing, provided, however, that with respect to cash annual incentive compensation opportunities, the relevant comparison shall be to the amount of such cash annual incentive compensation opportunities as in effect as of the date hereof, (ii) employee welfare and retirement benefits, that, in the aggregate, are substantially comparable to those in effect for each such Continuing Employee immediately before the applicable Closing, and (iii) severance benefits that are on substantially similar terms to and in the same amount as severance benefits provided by the applicable Target Companies to each such Continuing Employee immediately prior to the applicable Closing under the terms of the applicable, written severance benefit plan or arrangement (a complete copy of which has been made available to Purchaser) or as required under applicable Law; provided, however, that the foregoing shall not apply to any employee of any Target Company who is a member of a union (regardless of whether they are covered by a collective bargaining agreement or a labor agreement), and the parties intend that, following the applicable Closing, such union employees shall continue to be provided with compensation and employee benefits consistent with the terms of the applicable collective bargaining agreement or applicable labor agreement, each such union employee's employment contract (if applicable), and applicable Law.

(d) For purposes of vesting, benefit accrual, vacation and sick time credit and eligibility to participate under the Purchaser Benefit Plans, each Transferred Employee and Continuing Employee shall be credited with his or her years of service with the Parent, Target Companies and any Affiliates thereof, and their respective predecessors before the applicable Closing, to the same extent as such Transferred Employee or Continuing Employee was entitled, before the applicable Closing, to credit for such service under any similar Target Company Benefit Plan or similar benefit plan of Parent in which such Transferred Employee or Continuing Employee participated or was eligible to participate immediately prior to the applicable Closing; provided that the foregoing shall not apply to the extent that its application would result in a duplication of benefits with respect to the same period of service. In addition, and without limiting the generality of the foregoing, Purchaser shall cause or shall cause its applicable Affiliates (other than Purchaser Topco, General Motors Holdings LLC or General Motors LLC) to cause (i) each Transferred Employee and Continuing Employee to be immediately eligible to participate, without any waiting time, in any and all benefit and compensation plans, contracts, policies and arrangements of Purchaser or its applicable Affiliates (the “Purchaser Benefit Plans”) to the extent coverage under any such Purchaser Benefit Plan is replacing comparable coverage under a Target Company Benefit Plan or similar benefit plan of Parent or its Affiliates in which such Transferred Employee or Continuing Employee participated immediately before the Closing (such plans, collectively, the “Old Plans”), and (ii) for purposes of each Purchaser Benefit Plan providing medical, dental, pharmaceutical and/or vision benefits to any Transferred Employee or Continuing Employee, any evidence of insurability requirements, all pre-existing condition exclusions and actively-at-work requirements of such Purchaser Benefit Plan to be waived for such Transferred Employee or Continuing Employee and his or her covered dependents. Parent shall cause any eligible expenses incurred by any Transferred Employee or Continuing Employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date such Transferred Employee or Continuing Employee's participation in the corresponding Purchaser Benefit Plan begins to be taken into account under such Purchaser Benefit Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such Transferred Employee or Continuing Employee and his or her covered dependents for the applicable plan year. For the avoidance of doubt, no Business Employee, Continuing Employee or any other Target Company employee shall have the right to participate in or to any new benefit accrual in any benefit and compensation plan, contract, policy or arrangement sponsored or maintained by Purchaser Topco, General Motors Holdings LLC, or General Motors LLC; however, each Continuing Employee or Transferred Employee who was a participant in the General Motors Retirement Program for Salaried Employees (“SRP”) at the time of terminating employment with General Motors Corporation or any of its Affiliates in connection with the divestiture of GMAC LLC and its subsidiaries and was granted the right to continue to accrue vesting and eligibility service under the SRP pursuant to the terms of the Revised Memorandum of Understanding between General Motors Corporation and GMAC LLC, dated as of November 29, 2006 (“SRP MOU”), shall continue to be eligible to accrue such vesting and eligibility service credits on the same basis as prior to his or her Effective Hire Date or the applicable Closing Date with respect to his or her employment with Purchaser and its Affiliates (including the Target Companies) to determine vesting and retirement eligibility with respect to the SRP pursuant to the terms of the SRP and the relevant provision of the SRP MOU, as set forth in Section 5.11(d) of Parent's Disclosure Letter. For the avoidance of doubt, nothing herein shall restrict Purchaser and its Affiliates (including the Target Companies) from, at any time, amending, modifying or terminating, as applicable, the SRP, any Purchaser Benefit Plan, any Old Plan, any Target Company Benefit Plan or any other plan sponsored or maintained by Purchaser or its Affiliates (including the Target Companies).

(e) Parent and its Affiliates shall, or shall cause the applicable Target Company to pay any amounts that are payable in respect of the Retention Agreements with Target Company employees set forth on Section 5.11(e) of the Parent's Disclosure Letter (the "Retention Agreements"), as earned in respect of the applicable Continuing Employee's employment with Parent and its Affiliates on or prior to, and in no event later than as soon as commercially practicable following, the applicable Closing Date. Parent and its Affiliates shall be solely responsible for the payment of any and all retention, change in control or other similar compensation or benefit payments which are or may become payable to any Transferred Employee with the consummation of the transactions contemplated hereby or under Parent Benefit Plans, in each case in accordance with and subject to the terms of the relevant plan, agreement or program, as applicable.

(f) Parent and its Affiliates shall pay any and all compensation payable to any current or former employee, director or individual independent contractor or individual consultant of any Target Company, including under the Ally Financial, Inc. Long-Term Equity Compensation Incentive Plan and the Ally Financial, Inc. Annual Incentive Plans, in accordance with and subject to the terms or any such plans or arrangements, except to the extent that such payments are accrued on the audited combined balance sheet of the Target Companies for purposes of the Final Closing Statement. With respect to 2013 bonuses for Transferred Employees, Parent and its applicable Affiliates shall accrue for such bonuses for each Transferred Employee for each month from the beginning of the 2013 calendar year through the Effective Hire Date the monthly pro rata amount of such Transferred Employee's actual 2012 bonus amount, and shall pay a cash amount to Purchaser and its Affiliates equal to the aggregate amount of such accrual for each Transferred Employee promptly following such Effective Hire Date, and the Purchaser shall, or shall cause its Affiliates to, pay each such Transferred Employee a cash incentive bonus in respect of 2013 at least equal to the amount of the aggregate amount of bonus accrual paid by Parent and its Affiliates to Purchaser and its Affiliates in respect of such Transferred Employee.

(g) For the avoidance of doubt, except to the extent that such payments are accrued on the audited combined balance sheet of the Target Companies for purposes of the Final Closing Statement, Parent and its Affiliates (other than the Target Companies) shall reimburse Purchaser and its Affiliates to the extent that Purchaser and its Affiliates (including the Target Companies) pay any incentive compensation, retention, change in control or other similar compensation or benefit payments relating to any periods prior to the applicable Closing Date (for the avoidance of doubt, including without limitation under the Ally Financial, Inc. Long-Term Equity Compensation Incentive Plan, the Ally Financial, Inc. Annual Incentive Plans, and pursuant to the Retention Agreements) to any current or former employee, director or individual independent contractor or individual consultant of any Target Company or any Business Employee.

(h) To avoid doubt, effective as of the applicable Closing, Purchaser and its Affiliates shall assume or, as applicable, continue to maintain, the applicable Pension Plan(s) listed in Section 5.11(h) of Parent's Disclosure Letter (each, a "Pension Plan" and collectively, the "Pension Plans") and shall be solely responsible for all Liabilities with respect to such Pension Plans and shall hold harmless Parent and its Affiliates in respect of such Pension Plans.

(i) Purchaser and Parent each shall, and shall each cause its respective Affiliates to, timely comply with all applicable labor or employment Laws of the applicable jurisdictions and any collective bargaining agreements or similar agreements applicable to the employees of the Target Companies to inform and/or consult with the relevant local unions and works councils, in each case

in connection with the transactions contemplated hereby. Purchaser and Parent shall reasonably cooperate with each other with respect to the provision of information required or desirable to be provided to any unions or works councils in respect of the transactions contemplated hereby.

(j) Purchaser and Parent acknowledge and agree that all provisions contained in this Section 5.11 are included for the sole benefit of Purchaser and Parent and nothing contained herein shall (i) be construed as an amendment to any employee benefit plan or program, (ii) create any third-party beneficiary or other rights in any other Person, including any employee or former employee of any of Purchaser, Parent, the Target Companies or any of their respective Affiliates, or any dependent or beneficiary thereof, or (iii) otherwise obligate Purchaser or Parent or any of their respective Affiliates to maintain any particular employee benefit plan or retain the employment of any particular employee following the applicable Closing Date.

Section 5.12 Termination of Certain Affiliate Arrangements; Replacement of Guarantees and Transferred Derivatives; Certain Releases.

(a) Subject to applicable Law, on or prior to the Closing Date relating to any Target Business Segment (i) all Related Party Contracts (other than (i) those set forth in Section 5.12(a) of Parent's Disclosure Letter (subject to the conditions described therein) and (ii) all Intercompany Loans, which shall be treated as described in Section 5.17) shall be terminated as between Parent or any of its Affiliates (other than any Target Company), on the one hand, and any of the Target Companies included in such Target Business Segment, on the other hand, and all payables and receivables under any Related Party Contracts so terminated shall have been settled, and (ii) with respect to the Related Party Contracts terminated on or prior to such Closing Date pursuant to Section 5.12(a)(i), Parent shall deliver mutual releases executed by Parent or such Affiliates that are party to such Related Party Contracts, on the one hand, and such Target Companies included in such Target Business Segment that are party to such Related Party Contracts, on the other hand, providing that no further payments are due, or may become due, under or in respect of such terminated Related Party Contracts, by either Parent or such Affiliates, on the one hand, and by such Target Companies, on the other; provided that, while all amounts outstanding under such Related Party Contracts shall be paid in connection with such termination, in no event shall Parent or any of its Affiliates, or any Target Company, pay any termination fee or other financial penalty in connection with any such termination or release.

(b) Subject to applicable Law, at or prior to any Closing, Purchaser shall, with respect to the Subject Companies and any portion of the Target Business to be purchased and sold at such Closing, (i) arrange for substitute letters of credit, guarantees and other obligations or commitments to replace (A) any letters of credit, guarantees (including any guarantees in connection with any Securitization Transaction), surety bonds, performance bonds, capital maintenance agreements or commitments, and other contractual obligations or commitments entered into by or on behalf of Parent or any of its Affiliates (other than solely by any of the Subject Companies) in connection with the Subject Companies and their businesses (together, the "Parent Guarantees") listed on Section 5.12(b)(i) of Parent's Disclosure Letter outstanding as of the date hereof and (B) any Parent Guarantees entered into in the ordinary course of business, consistent with past practice and in compliance with the provisions hereof, on or after the date hereof and prior to such Closing, (ii) assume all obligations under each Parent Guarantee relating to such Subject Companies and their businesses, obtaining from the creditor or other counterparty a full release (in a form reasonably satisfactory to Parent) of all parties liable, directly or indirectly, for reimbursement to the creditor or counterparty, as the case may be, or fulfillment of other obligations to a counterparty in connection

with amounts drawn under the Parent Guarantees or due under such Transferred Derivatives, or (iii) obtain from the creditor or other counterparty a waiver, release and discharge of any such Parent Guarantee (in a form reasonably satisfactory to Parent). Purchaser and its Affiliates shall make, or cause to be made, any required filings before any applicable Government Authority in connection with the foregoing. Purchaser further agrees that to the extent (1) the beneficiary or counterparty under any Parent Guarantee does not accept any such substitute letter of credit, guarantee or other obligation or commitment proffered by Purchaser, or (2) Purchaser is unable to obtain from the beneficiary or counterparty under any Parent Guarantee a full release (in a form reasonably satisfactory to Parent) as contemplated by Section 5.12(b)(ii) or Section 5.12(b)(iii), Purchaser shall indemnify, defend and hold harmless Parent and its Affiliates against, and reimburse Parent and its Affiliates for, any and all amounts paid, including costs or expenses in connection with such Parent Guarantees, including Parent's and its Affiliates' expenses in maintaining such Parent Guarantees, whether or not any such Parent Guarantee is drawn upon or required to be performed, and shall in any event promptly (and in any event within three Business Days) reimburse Parent and its Affiliates to the extent any Parent Guarantee is called upon, and Parent or its Affiliates make any payment or are obligated to reimburse the party issuing the Parent Guarantee.

(c) Subject to Section 5.12(a) and Section 5.20, and without prejudice to the Parties' respective indemnification obligations under Article VIII, at or prior to any Closing, (i) the Subject Companies shall execute releases acquitting, releasing and discharging Parent and its Affiliates (other than such Subject Companies) from any and all Liabilities to such Subject Companies that exist as of such Closing Date or that arise in the future from events or occurrences taking place prior to or as of such Closing Date, other than in respect of the Contracts disclosed in Section 5.12(a)(i) of Parent's Disclosure Letter, and (ii) Parent and its Affiliates (other than such Subject Companies) shall execute releases acquitting, releasing and discharging such Subject Companies from any and all Liabilities to Parent or any of its Affiliates (other than such Subject Companies) that exist as of such Closing Date or that arise in the future from events or occurrences taking place prior to or as of such Closing Date, other than in respect of the Contracts disclosed in Section 5.12(a)(i) of Parent's Disclosure Letter.

#### Section 5.13 Notices and Consents.

(a) Prior to each Closing, the Parties will take all commercially reasonable steps necessary, and proceed diligently and in good faith, as promptly as practicable, to cause the relevant Subject Companies to give such notices to third parties and obtain such third-party consents as Purchaser (acting reasonably) deems necessary or desirable in connection with the transactions contemplated by this Agreement; provided that Parent shall not be required to incur any out-of-pocket expenses or make any payment to any third party in connection with providing any such assistance, other than the payment of its attorneys' fees and expenses. The Parties agree that, in the event that any such consent necessary or desirable to preserve for the Target Business or any of the Subject Companies any right or benefit under any Contract to which a Subject Company is a party is not obtained prior to the applicable Closing, Parent will, subsequent to such Closing, reasonably cooperate (for a period not to exceed six months from the Closing Date relating to such Subject Company) with Purchaser and the relevant Subject Company in attempting to obtain such consent as promptly thereafter as practicable; provided that Parent shall not be required to incur any out-of-pocket expenses or make any payment to any third party in connection with providing any such assistance.

(b) Without limiting the generality of this Section 5.13, prior to the applicable Closing, Parent shall, and shall cause the relevant Subject Companies to use all commercially reasonable efforts necessary and proceed diligently and in good faith, as promptly as practicable, to obtain the third-party consents required under the outstanding indebtedness for borrowed money set forth on Section 5.13 of Parent's Disclosure Letter and any Securitization Transaction.

#### Section 5.14 Financing.

(a) Until the Final Closing, Parent shall use its reasonable efforts to provide, at Purchaser's sole cost and expense, such reasonable cooperation and assistance as may be reasonably requested by Purchaser in connection with the preparation for and execution of any financing by Purchaser related to the transactions contemplated by this Agreement, including to (i) cause appropriate officers and employees to be available at their offices and on reasonable notice to meet with ratings agencies, prospective lenders, underwriters and investors, as applicable, in presentations, meetings, road shows and due diligence sessions, (ii) provide reasonable assistance with the preparation of any ratings presentations, registration statements, prospectuses, offering memoranda or other disclosure materials in connection therewith, including the preparation of appropriate discussions of business, financial statements, pro-forma financial statements and management discussion for inclusion in any of the above, (iii) provide any reasonably expected sources for any such financing with reasonable access to the properties, books and records of the Target Companies (provided that they have entered into confidentiality arrangements that are reasonably satisfactory to Parent), and (iv) direct its independent accountants to provide reasonable assistance to Purchaser, including in connection with providing customary consents and comfort letters consistent with professional standards and industry practice; provided that (A) nothing in this Section 5.14 shall require any cooperation to the extent that it would unreasonably interfere with the business or operations of Parent or its Affiliates and (B) none of Parent or its Affiliates shall be required to pay any commitment or other similar fee for which it has not been advanced funds or incur any other liability or provide any covenant or undertaking in connection with any such financing. Purchaser shall promptly, upon request by Parent, reimburse Parent for all reasonable and documented out-of-pocket costs and expenses (including attorneys' fees) incurred by Parent and its Affiliates in connection with the cooperation and assistance contemplated by this Section 5.14. Notwithstanding anything to the contrary contained in this Agreement, Parent shall not be deemed to be in breach of this Section 5.14 so long as Parent has acted in good faith to cooperate and assist Purchaser as set forth in this Section 5.14.

(b) Until the Final Closing, in order to enable it or Purchaser to consummate the transactions contemplated by the Transaction Documents and perform its obligations thereunder, Purchaser Topco shall take all actions necessary to (i) ensure Purchaser has access to \$4,000,000,000 in revolving credit facility capacity and (ii) provide financial support in the form of capital contributions to Purchaser to the extent necessary to achieve on a pro forma basis immediately following any Closing a ratio of Purchaser's tangible equity to Purchaser's assets of no less than 10% (it being understood that Purchaser Topco has no obligation to maintain thereafter such ratio).

(c) Prior to the Closing in respect of the European Target Companies, Parent and Purchaser shall use their commercially reasonable efforts to take all actions necessary, including obtaining any regulatory or similar approvals or Permits, to substitute GMAC PEARL B.V. (or, subject to consultation with and consent of Purchaser, another Target Company) for GMAC IF with respect to any outstanding Intercompany Loan (subject to Section 5.17) or other Related Party Contracts between GMAC IF, on the one hand, and any Target Company, on the other hand, with respect to



funding for such Target Company. Parent shall, and shall cause its Affiliates to, consult with Purchaser in advance of any such substitution; provided that this Section 5.14(c) shall not require Parent and its Affiliates to take any corporate action, to execute any document or other instrument, or to incur any Liability that would (A) be effective prior to the Closing in respect of the European Target Companies or (B) be a Liability of any Person other than a European Target Company (and, for the avoidance of doubt, in no event shall Parent or any of its Affiliates be required to enter into any Parent Guarantee in connection with this Section 5.14(c)). Purchaser shall consider in good faith any alternative proposal Parent may develop in respect of the treatment of the Intercompany Loans described in the previous sentence.

Section 5.15 Non-Compete; Non-Solicit.

(a) With respect to each Target Business Segment, during the period beginning on the Closing Date relating to such Target Business Segment and ending on the third anniversary of such Closing Date (any such period, a “Non-Compete Term”), Parent and its Controlled Affiliates (the “Restricted Persons”) shall not, directly or indirectly, anywhere in each of the jurisdictions set forth on Section 5.15(a) of Parent's Disclosure Letter in the subsection relating to such Target Business Segment (the “Restricted Territory”), originate or service consumer, wholesale or commercial motor vehicle loans and leases, or directly or indirectly own an interest in, manage, operate, finance or Control any Person that provides any such products or services in the Restricted Territory (collectively, the “Restricted Activity”).

(b) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or in any way limit:

- (i) any Person other than the Restricted Persons from conducting any Restricted Activity;
- (ii) any Restricted Person from performing any act or conducting any business expressly required by this Agreement or any other Transaction Document;
- (iii) any Restricted Person from acquiring, owning or holding up to 4.99% of the outstanding securities of an entity whose securities are listed and traded on a nationally recognized securities exchange or market, whether or not in the United States of America (provided that no Restricted Person may otherwise Control the business or affairs of such entity) or holding or exercising rights of ownership with respect to a security in a fiduciary, custodial or agency capacity or otherwise for the benefit of or on behalf of customers or other un-Affiliated beneficiaries;
- (iv) any Restricted Person from making passive investments for general insurance accounts or investment management activities in the ordinary course of its business;
- (v) the ownership of, any affiliation with, or the conduct of any other activity with respect to, a Person that conducts, either directly or indirectly, a Restricted Activity (any such Person, together with all of its Affiliates, a “Competing Person”) that is the result of (1) a merger, consolidation, share exchange, sale or purchase of assets, scheme of arrangement or similar business combination involving any Restricted Person with any Competing Person or (2) the acquisition of any Competing Person or any Equity Interests in any Competing Person by any Restricted Person, if, in the case of either (1) or (2):

(A) no more than 20% of such Competing Person's total consolidated revenues in its most recent fiscal year (excluding any revenues of any Restricted Person) in each Restricted Region in which it operated in the calendar year prior to such ownership or affiliation change from activities that constitute Restricted Activities; and

(B) such Competing Person did not generate total consolidated revenues in its most recent fiscal year (excluding any revenues of such Restricted Person) in any Specified Jurisdiction in which it operated in the calendar year prior to such ownership or affiliation change from activities that constitute Restricted Activities in an amount that would exceed the applicable Specified Jurisdiction Cap;

(vi) any Restricted Person from acquiring a Competing Person or more than 4.99% of the outstanding Equity Interests in any Competing Person that generated total consolidated revenues in its most recently completed fiscal year prior to such acquisition from activities that constitute Restricted Activities in excess of the thresholds set forth in Section 5.15(b)(v); provided, however, that such Restricted Person shall use its reasonable best efforts to (i) divest, within one year of its acquisition a sufficient portion of such Competing Person necessary to satisfy such thresholds and (ii) after such divestiture has occurred, not exceed such thresholds for the duration of the remaining Non-Compete Term.

(vii) (A) any Person not Affiliated with Parent that acquires Parent or any of its Affiliates or their respective successors or substantially all of their respective assets or business, or any of such Person's Affiliates or (B) any Person resulting from any merger, consolidation, share exchange, sale or purchase of assets, scheme of arrangement or similar business combination (a "Business Combination") of Parent or any of its successors with or into any other Person not Affiliated with Parent, or any of such Person's Affiliates, if (1) the directors of Parent immediately prior to such transaction do not serve as a majority of the directors of the surviving Person or direct or indirect parent of the surviving Person following such Business Combination, and (2) the equity holders of Parent or any successor immediately before such Business Combination own, immediately following such transaction no more than 50% of the outstanding capital stock of the surviving Person or the direct or indirect parent of the surviving Person;

(viii) any Restricted Person from foreclosing on collateral of or acquiring any of the outstanding Equity Interests in any Person that has outstanding indebtedness to any Restricted Person, or engaging in any activities otherwise prohibited by this Section 5.15 in connection with any such Person as a result of the acquisition of such Equity Interests, in connection with a debt previously contracted in a distressed or troubled situation;

(ix) any Restricted Person from continuing any businesses or operations in wind-down or liquidation that are not being acquired by Purchaser pursuant to this Agreement; provided, however, that such Restricted Person shall not conduct any Restricted Activity not already conducted prior to such Closing;

(x) any Restricted Person from providing transition or separation services to any Person in connection with Parent's publicly announced strategy to sell its Mexican insurance

operations, its Canadian motor vehicle finance operations and deposit taking operations and the warranty insurance business conducted under the CarCare Plan brand;

(xi) any Restricted Person from undertaking general advertising or marketing campaigns not targeting customers, clients or other third-party beneficiaries of the Target Companies; or

(xii) any Restricted Person from owning and servicing the assets described in Section 5.21 of Parent's Disclosure Letter.

(c) Nothing in this Agreement shall require any Restricted Person to terminate any instruments or Contracts of or with any customers, clients or other third-party beneficiaries in effect as of the date hereof, or prohibit or otherwise limit any of them from performing their respective binding obligations in effect as of the Closing at which such instruments, Contracts or performance first become a Restricted Activity pursuant to this Section 5.15.

(d) Notwithstanding anything to the contrary contained in this Agreement, the parties acknowledge and agree that (i) no current or future Affiliate of Parent (or any of such Affiliate's direct or indirect Subsidiaries) shall be subject to any of the restrictions or requirements set forth in this Section 5.15 at any time following the date on which Parent, directly or indirectly, no longer Controls such Person; (ii) no current or future Affiliates of Parent (or any of such Affiliate's direct or indirect Subsidiaries) shall be subject to any of the restrictions or requirements set forth in this Section 5.15 at any time for conducting a Restricted Activity outside of any Restricted Territory for the benefit of customers, clients or other third-party beneficiaries who also may reside or otherwise have a presence within a Restricted Territory; and (iii) neither GMAC-SAIC, nor any successor joint venture, shall constitute an “Affiliate” of Parent for purposes of this Section 5.15.

(e) Parent acknowledges that the covenants in this Section 5.15 are necessary in order to induce Purchaser to enter into and consummate the transactions contemplated by this Agreement, are required by Purchaser in connection with the transactions contemplated by this Agreement, and that Purchaser would not enter into and consummate the transactions contemplated by this Agreement without the agreement of Parent to the covenants contained in this Section 5.15. In the event that any of the provisions of this Section 5.15 should ever be finally adjudicated to exceed the time, scope, geographic or other limitations permitted by applicable Law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, scope, geographic or other limitations enforceable under applicable Law.

(f) For three years following the date on which any of the following individuals become employees, directly or indirectly, of Purchaser and its Affiliates (including any Subject Companies) as a result of any Closing hereunder, the Restricted Persons shall not, directly or indirectly engage in any of the following activities:

(i) with respect to any of the individuals set forth on Section 5.15(f)(i) of Parent's Disclosure Letter (each, a “Key Person”), cause, solicit, induce or encourage any such individual to leave such employment or hire, employ or otherwise engage any such individual;

(ii) with respect to any of the individuals set forth on Section 5.15(f)(ii) of Parent's Disclosure Letter, cause, solicit, induce or encourage any such individual to leave such employment or hire, employ or otherwise engage any such individual; or

(iii) with respect to any individual who was an employee at or above the management level set forth on Section 5.15(f)(iii) of Parent's Disclosure Letter of the international operations of Parent immediately prior to the applicable Closing, cause, solicit, induce or encourage any such individual to leave such employment;

provided that nothing herein shall be construed to prevent or prohibit any Restricted Person (A) in the case of clauses (ii) and (iii) above, from hiring or soliciting for employment any individual (1) who has not been an employee of any Target Company or Purchaser for at least three months prior to any direct or indirect solicitation or encouragement from any Restricted Person (other than solicitations or encouragements not otherwise in violation of this Section 5.15(f)), or (2) was involuntarily terminated by Purchaser or the Subject Companies, as applicable and (B) from, in the case of clause (iii) only, hiring, and in the case of clauses (i) through (iii), soliciting for employment, any individual (1) through the use of, or who responds to, general mass solicitations for employment (including advertisements) or a third-party recruiter (in each case, not specifically directed toward employees of the Subject Companies), or (2) who contacts any Restricted Person on his or her own initiative without any prior direct or indirect solicitation or encouragement from any Restricted Person in violation of this Section 5.15(f).

Section 5.16 Other Transaction Documents. At each Closing, each Party shall, and shall cause its respective Affiliates to, execute each Transaction Document (other than this Agreement) to which it is contemplated to be a party and which is to be executed and delivered in connection with such Closing hereunder.

Section 5.17 Intercompany Loans.

(a) At:

(i) the Closing relating to the Brazilian Target Companies, Purchaser shall repay, or cause each applicable Brazilian Target Company to repay, an amount equal to the then-outstanding principal amount and accrued but unpaid interest under each Intercompany Loan to which such Brazilian Target Company is a party in accordance with the terms and conditions of such Intercompany Loan;

(ii) the Closing relating to the MCC Target Companies, Purchaser shall repay, or cause each applicable MCC Target Company to repay, an amount equal to the then-outstanding principal amount and accrued but unpaid interest under each Intercompany Loan to which such MCC Target Company is a party in accordance with the terms and conditions of such Intercompany Loan; and

(iii) the Closing relating to the European Target Companies, Purchaser shall repay, or cause each applicable European Target Company to repay, an amount equal to the then-outstanding principal amount and accrued but unpaid interest under each Intercompany Loan to which such European Target Company is a party in accordance with the terms and conditions of such Intercompany Loan (each, a "European Intercompany Loan"); provided, however, that Purchaser may, by delivery of written notice to Parent at least 45 days prior to the estimated date of such Closing, defer the repayment of any then-outstanding principal amount of European Intercompany Loans up to \$2,000,000,000 until the Final Closing if (i) the terms

of such European Intercompany Loans are amended prior to such Closing to reflect terms substantially similar to those set forth in Schedule 5.17 and reflecting market conditions at the time of such Closing, and (ii) Parent and Purchaser are able to agree to definitive documentation relating to such amendment before the fifth Business Day prior to such Closing. Parent and Purchaser will use their commercially reasonable efforts to negotiate and agree upon such terms and definitive documentation as promptly as possible after the delivery of written notice to Parent of Purchaser's election to defer repayment of such European Intercompany Loans pursuant to this paragraph (a)(iii).

(b) Notwithstanding Section 5.17(a), Purchaser may, by delivery of written notice to Parent at least 45 days prior to the estimated date of the Final Closing, defer the repayment of any then-outstanding principal amount of European Intercompany Loans in excess of \$2,000,000,000 until the first anniversary of the Final Closing if (i) the terms of such European Intercompany Loans are amended prior to the Final Closing to reflect terms substantially similar to those set forth in Schedule 5.17 and reflecting market conditions at the time of such Final Closing, and (ii) Parent and Purchaser are able to agree to definitive documentation relating to such amendment before the fifth Business Day prior to such Final Closing. Parent and Purchaser will use their commercially reasonable efforts to negotiate and agree upon such terms and definitive documentation as promptly as possible after the delivery of written notice to Parent of Purchaser's election to defer repayment of such European Intercompany Loans pursuant to this paragraph (b).

(c) In lieu of Purchaser paying or causing the repayment of European Intercompany Loans pursuant to this Section 5.17 at the Final Closing, Purchaser may, by delivery of written notice to Parent at least 45 days prior to the estimated date of the Final Closing, elect to purchase one or more European Intercompany Loans (in whole and not in part) from Parent or its Affiliates for a purchase price equal to the then-outstanding principal amount of such European Intercompany Loans plus all accrued but unpaid interest under such European Intercompany Loans and otherwise on such terms and conditions as Parent and Purchaser shall mutually agree (with each acting reasonably) no later than five Business Days prior to the Final Closing. The then-outstanding principal amount of any such European Intercompany Loans so purchased shall be counted in the calculation of amounts repaid for purposes of the \$2,000,000,000 threshold referred to in Section 5.17(b).

(d) At the Final Closing, Purchaser and Parent shall each execute or cause to be executed any instrument, in form reasonably satisfactory to each of Purchaser and Parent, reasonably requested by either such Party to facilitate the transactions contemplated by this Section 5.17.

Section 5.18 Further Assurances. The Parties agree that, from time to time, whether before, on or after any Closing Date, each of them shall execute and deliver such further instruments of conveyance and transfer and take such other action as may be reasonably requested by the other Party to carry out the purposes and intents of this Agreement.

Section 5.19 Delivery of Audited Financial Statements. As soon as practicable, but in no event later than 10 Business Days Before the first Closing, Parent shall deliver to Purchaser audited combined financial statements of the Target Companies as at December 31, 2010, 2011 and 2012 and related statements of income, stockholders' equity and cash flows for fiscal years then ended of the Target Companies, prepared in accordance with GAAP to the extent required pursuant to Rule 3-05 of Regulation S-X, (the "Historical Financial Statements") and such other financial statements as may be required in order for Purchaser to meet its regulatory external financial reporting obligations

under United States securities Laws. All costs and expenses associated with the audit and preparation of the Historical Financial Statements, the audit report and any comfort letters in connection therewith, shall be borne equally by Parent, on the one hand, and Purchaser, on the other hand. Purchaser and its Affiliates shall cooperate with Parent and take all such actions as Parent or its auditor may reasonably request in connection with the preparation of the Historical Financial Statements.

#### Section 5.20 VAT Provisions

(a) With respect to any jurisdiction in which a Target Company is a member of a VAT group with a Seller or another Affiliate of Parent, at Purchaser's request:

(i) Parent shall, and shall cause Sellers to, cooperate reasonably with Purchaser with respect to the preservation of such a VAT group, if possible; and

(ii) (A) Parent shall, on or before the applicable Closing, give notice to the relevant Taxing Authority (copying the notice to Purchaser) that the relevant Target Companies will cease to be under Parent's control with effect from the applicable Closing and will use its best efforts to procure that the date on which each Target Company ceases to be a member of such Seller's or Affiliate's VAT group falls on the applicable Closing;

(B) Parent (on behalf of the relevant Sellers) shall pay, or shall procure that there is paid, to each Target Company an amount equivalent to such proportion of any repayment of VAT or any amounts relating to VAT that it or an Affiliate of the Sellers received on behalf of the VAT group from any Taxing Authority or of any credit obtained by reference to an excess of deductible input tax over output tax which is attributable to supplies made or deemed to be made by the relevant Target Company while a member of such Seller's or Affiliate's VAT group to the extent that the repayment is received or credit obtained after the relevant Closing within ten (10) Business Days of Parent's receipt on behalf of the VAT group; and

(C) Parent (on behalf of the relevant Sellers) shall pay, or shall procure that there is paid, to the relevant Target Company an amount equal to any VAT on actual or deemed supplies, self-supplies, importations or acquisitions made for VAT purposes (after taking account of any deductible input tax attributable to such supplies, importations or acquisitions) by other members of the relevant Seller's or Affiliate's VAT group (not being any of the Target Companies or their subsidiaries), which the relevant Target Company is liable to account for, in addition to any costs and expenses incurred in investigating, assessing or contesting such liability, before Target Company ceased to be a member of the same VAT group as the non Target Company; provided that to the extent able to do so the Target Company provides to Parent a copy of the final and binding assessment notice letter (or similar communication) issued by the relevant Taxing Authority holding the Target Company accountable for such VAT. If such Target Company could not provide Parent a copy of a final and binding assessment notice letter, the amount of VAT that Parent shall pay shall be determined in Parent's reasonable discretion.

(b) Subject to Section 5.20(d), with respect to any jurisdiction in which a Target Company is a member of a VAT group with a Seller or another Affiliate of Parent, at Parent's request:

(i) Purchaser (on behalf of the relevant Purchasers) shall pay, or shall procure that there is paid, to a non Target Company an amount equivalent to such proportion of any repayment of VAT or any amounts relating to VAT received by the representative member

from any Taxing Authority (calculated before any set-off asserted by the Taxing Authority against tax due in respect of a Target Company) or of any credit obtained by reference to an excess of deductible input tax over output tax which is attributable to supplies made or deemed to be made by the relevant non Target Company while a member of such Seller's or Affiliate's VAT group within ten (10) Business Days of receipt by the representative member; and

(ii) Purchaser (on behalf of the relevant Purchasers) shall pay, or shall procure that there is paid, to each non Target Company an amount equal to any VAT on actual or deemed supplies, self-supplies, importations or acquisitions made for VAT purposes (after taking account of any deductible input tax attributable to such supplies, importations or acquisitions) by members of the relevant Seller's or Affiliate's VAT group (being Target Companies or their subsidiaries), which the non Target Company is liable to account for, in addition to any costs and expenses incurred in investigating, assessing or contesting such liability, before non Target Company ceased to be a member of Seller's or Affiliate's VAT group; provided that to the extent able to do so the non Target Company provides to Purchaser a copy of the final and binding assessment notice letter (or similar communication) issued by the relevant Taxing Authority holding the non Target Company accountable for such VAT. If such non Target Company could not provide Purchaser a copy of a final and binding assessment notice letter, the amount of VAT that Purchaser shall pay shall be determined in Purchaser's reasonable discretion.

(c) The deeming provisions of Section 43(1) of VATA (and any corresponding or similar provision of any non-U.K. Laws) will be disregarded in determining what supplies have been made or are deemed to have been made by or to any person.

(d) Section 5.20(b) shall not require the Purchaser (or any Target Company) to make any payments to Parent or any other Seller (or any other party) in respect of repayments, refunds or payments to which Purchaser or any of its Affiliates is entitled pursuant to the 2006 Agreement.

(e) Parent shall (or shall cause the applicable Seller to), prior to Closing, make all the necessary applications to Her Majesty's Revenue & Customs (including (where appropriate) forms VAT1, VAT50 and VAT51) to ensure that GMAC Holdings UK Limited and GMAC UK Plc are members of the same UK VAT group.

(f) On or immediately after the Closing Date, Parent shall submit to the Purchaser a list showing all assets of the German Target Companies for which (i) the potential input VAT adjustment periods have not already been expired as of the Closing Date and (ii) the relevant Target Company has claimed an input VAT deduction in an amount exceeding the equivalent to \$10,000 on an individual asset basis.

Section 5.21 No Shop. During the period commencing on the date hereof and ending on the earlier of the termination of this Agreement pursuant to Section 9.1, and the Final Closing Date, Parent will not, directly or indirectly (i) knowingly solicit, initiate or encourage the submission of any proposal or offer from any Person (other than Purchaser and its Affiliates) relating to the acquisition of any Target Equity Interests or all or substantially all of the assets of any Target Company (including any acquisition structured as a merger, consolidation or share exchange), or (ii) knowingly assist, participate in or facilitate (including providing any confidential information for the purpose of encouraging), any effort or attempt by any Person (other than Purchaser and its Affiliates) to make any proposal or offer to effect any transaction referred to in clause (i) above.

Section 5.22 Powers of Attorney. Except as otherwise agreed by Parent and Purchaser, prior to any Closing Parent shall, or shall cause the applicable Subject Companies to, terminate any powers of attorney executed by or on behalf of any Subject Company.

Section 5.23 Derivative Treatment.

(a) On or before December 31, 2012, Purchaser shall deliver written notice to Parent informing Parent which, if any, AIM Derivatives they select as Transferred Derivatives pursuant to clause (ii) of the definition thereof.

(b) Prior to the First Closing, Purchaser shall use reasonable best efforts to enter into an ISDA Agreement with each counterparty to a Transferred Derivative in a form that shall permit the novation of the Transferred Derivatives, and Parent shall cause margin accounts with each such counterparty to be funded at each Closing in an amount sufficient to permit the novation of each Subject Transferred Derivative at each applicable Closing.

(c) At or prior to each Closing, Purchaser shall use reasonable best efforts to obtain from the counterparty to each Subject Transferred Derivative a novation of such Subject Transferred Derivative in a form reasonably satisfactory to Parent; provided that if Purchaser is unable to obtain such a novation in a form reasonably satisfactory to Parent, then (i) Purchaser shall use its reasonable best efforts to enter into a back-to-back Derivative Transaction with the same terms as such Subject Transferred Derivative with a financial institution reasonably acceptable to Parent with whom Parent is a counterparty to an ISDA Agreement and who agrees to permit Parent to enter into a Derivative Transaction with equivalent offsetting terms to such Subject Transferred Derivative, and (ii) if Purchaser is unable to enter into the back-to-back Derivative Transaction contemplated by clause (i), Purchaser shall (which obligation may not be assigned pursuant to Section 10.2 or otherwise without the prior written consent of Parent) enter into a back-to-back Derivative Transaction with Parent (or its designated Affiliate) that provides Parent (or its Affiliate) with equivalent offsetting terms to such Subject Transferred Derivative; provided, further, that the sole amount payable in connection with any such novation or the entry into any of the foregoing transactions shall be the payment of the applicable Net Derivative Value.

(d) At or prior to each Closing, Parent shall use reasonable best efforts to cause each Subject Rejected Derivative and each Corresponding Derivative to be terminated or to expire in accordance with its terms at or prior to the Closing Date applicable to the Target Company that is party to such Subject Rejected Derivative or Corresponding Derivative.

ARTICLE VI  
CONDITIONS TO CLOSING

Section 6.1 Conditions to Each Party's Obligations. The obligations of the Parties to effect any Closing relating to any Target Business Segment are subject to the satisfaction (or written waiver by each of Parent and Purchaser) on or prior to such Closing of each of the following conditions:

(a) *Government Approvals*. All Required Governmental Approvals relating to the Subject Companies shall have been made or obtained, and any applicable waiting periods relating thereto shall have expired or been terminated early.



(b) *No Prohibition*. There shall be no Law in effect enjoining or otherwise prohibiting such Closing and no pending lawsuits, actions or proceedings to enjoin or otherwise prohibit such Closing shall have been commenced by any Government Authority or other Person.

(c) *Restructuring*. The Restructuring shall have been completed by Parent.

Section 6.2 Conditions to Obligations of Purchaser. The obligation of Purchaser to effect any Closing relating to any Target Business Segment is also subject to the satisfaction (or written waiver by Purchaser) on or prior to such Closing of the following conditions:

(a) *Representations and Warranties*. Each of the representations and warranties of Parent contained in Article III that relate to such Target Business Segment shall be true and correct to the extent relating to such Target Business Segment as of the date hereof and as of the Closing Date relating to such Target Business Segment as though made at and as of such Closing Date, except (i) for such representations and warranties that are made only as of a specific date, which shall be true and correct as of such date, and (ii) where the failures of such representations and warranties to be true and correct have not had and would not have, (A) with respect to the accuracy of the representations and warranties at and as of the date hereof, a Company Material Adverse Effect, and (B) with respect to the accuracy of the representations and warranties at and as of such Closing Date, a Closing Company Material Adverse Effect (disregarding for purposes of this clause (ii) any limitations as to materiality or Company Material Adverse Effect set forth in such representations and warranties); provided that (x) each reference to “Target Companies” in Article III shall be replaced with a reference to “Subject Companies” and (y) the Parent Fundamental Representations shall be true and correct with respect to such Target Business Segment in all material respects as written as of the date hereof and as of the Closing Date associated with such Target Business Segment, and (z) the representations and warranties contained in Section 3.5(b) shall be true and correct in all respects (replacing the reference to “Company Material Adverse Effect” in Section 3.5(b) (with “Closing Company Material Adverse Effect” for purposes of this clause (z)).

(b) *Covenants*. The covenants, obligations and agreements of Parent set forth in this Agreement to be performed at or prior to such Closing shall have been duly performed in all material respects to the extent they relate to such Target Business Segment.

(c) *Officer's Certificate*. There shall have been delivered to Purchaser a certificate, dated as of such Closing Date and signed by a duly authorized officer of Parent, certifying the satisfaction of the conditions in Section 6.2(a) and Section 6.2(b).

(d) *Brazilian Withholding Taxes Calculations*. Solely with respect to the Closing associated with the Brazil Target Companies, Parent shall have delivered to Purchaser a certificate that sets forth the calculation of the capital gain or loss with respect to the Target Companies listed in Schedule 6.2(d) and the amount of the Brazilian capital gain tax due.

(e) *Closing Deliverables*. There shall have been delivered to Purchaser the items specified in Section 2.6(b) and, to the extent applicable, Section 2.6(c).

Section 6.3 Conditions to Obligations of Parent. The obligation of Parent to effect the Closing relating to any Target Business Segment is also subject to the satisfaction (or written waiver by Parent) on or prior to such Closing of the following conditions:

(a) *Representations and Warranties.* Each of the representations and warranties of Purchaser contained in Article IV shall be true and correct as of the date hereof and as of the Closing Date associated with such Target Business Segment as though made at and as of such Closing Date except (i) for such representations and warranties that are made only as of a specific date, which shall be true and correct as of such date, and (ii) where the failures of such representations and warranties to be true and correct have not had and would not have, with respect to the accuracy of the representations and warranties at and as of the date hereof, a Purchaser Material Adverse Effect, and with respect to the accuracy of the representations and warranties at and as of the applicable Closing Date, a Closing Purchaser Material Adverse Effect (disregarding for purposes of this clause (ii) any limitations as to materiality or Purchaser Material Adverse Effect set forth in such representations and warranties); provided that the Purchaser Fundamental Representations shall be true and correct in all material respects as written as of the date hereof and as of the Closing Date associated with such Closing.

(b) *Covenants.* The covenants and agreements of the Purchaser set forth in this Agreement to be performed at or prior to such Closing shall have been duly performed in all material respects to the extent that they relate to such Target Business Segment.

(c) *Officer's Certificate.* There shall have been delivered to Parent a certificate, dated as of such Closing Date and signed by a duly authorized officer of Purchaser, certifying the satisfaction of the conditions in Section 6.3(a) and Section 6.3(b).

(d) *Audited Financial Statements.* Solely in connection with the first Closing hereunder, the Audited Financial Statements shall have been delivered to Purchaser pursuant to Section 5.19.

(e) *Closing Deliverables.* There shall have been delivered to Parent the items specified in Section 2.6(a) and, to the extent applicable, Section 2.6(c).

## ARTICLE VII TAX MATTERS

Section 7.1 Seller Returns and Reports. Parent shall file, or shall cause the Target Companies to file, when due all Tax Returns that are required to be filed by or with respect to the Target Companies on or before the applicable Closing Date (taking into account all valid extensions of time to file) and shall pay all Taxes shown due on such Tax Returns. All such Tax Returns shall be prepared in a manner consistent with prior practice unless otherwise required by applicable Law. Parent shall, or shall cause the Sellers to, provide Purchaser with copies of such completed Tax Returns (including annual VAT returns, but excluding all monthly or quarterly VAT returns) at least 30 days prior to the due date for filing thereof, along with supporting workpapers, for Purchaser's review and approval (such approval not to be unreasonably withheld, conditioned or delayed). Parent and Purchaser shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing. In the event that Parent and Purchaser are unable to resolve any dispute with respect to such Tax Return at least five days prior to the due date for filing, such dispute shall be resolved pursuant to Section 7.12, which resolution shall be binding on the Parties.

Section 7.2 Purchaser Returns and Reports. Purchaser shall file or cause to be filed when due all Tax Returns that are required to be filed by or with respect to each Target Company after the applicable Closing Date with respect to Pre-Closing Periods and, subject to the rights to payment from Parent only to the extent provided in Section 8.2(a)(vi), shall pay all Taxes shown due on such

Tax Returns. All such Tax Returns shall be prepared in a manner consistent with prior practice unless otherwise required by applicable Law. Purchaser shall provide Parent with copies of such completed Tax Returns (including annual VAT returns, but excluding all monthly or quarterly VAT returns) at least 30 days prior to the due date for filing thereof, along with supporting workpapers, for Parent's review and approval (such approval not to be unreasonably withheld, conditioned or delayed). Parent and Purchaser shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing. In the event that Parent and Purchaser are unable to resolve any dispute with respect to such Tax Return at least five days prior to the due date for filing, such dispute shall be resolved pursuant to Section 7.12, which resolution shall be binding on the Parties. Not later than 10 days prior to the due date for the payment of Taxes on any Tax Returns which Purchaser has the responsibility to cause to be filed pursuant to this Section 7.2, Parent shall pay (or cause to be paid) to Purchaser the amount of Taxes owed by Parent pursuant to the provisions of Section 8.2(a). No payment pursuant to this Section 7.2 shall excuse Parent from its indemnification obligations pursuant to (and to the extent of) Section 8.2(a)(vii) if the amount of Taxes as ultimately determined (on audit or otherwise) for the periods covered by such Tax Returns exceeds the amount of Parent's payment under this Section 7.2.

Section 7.3 Amendments. Unless required by applicable Law, Purchaser shall not amend, and after the Closing shall not permit the Target Companies to amend, any Tax Return filed by Parent, the other Sellers, the Target Companies with respect to any Pre-Closing Period of any Target Company (if Parent or another Seller would be liable for any Losses arising from such amendment and if such amendment is reasonably likely to have a material adverse effect on Parent or such Seller) without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed; provided that the foregoing shall not apply to any amendment that may be required to be filed following resolution of a Tax audit or other inquiry from a Taxing Authority conducted in accordance with the contest provisions of Section 7.4.

#### Section 7.4 Contest Provisions.

(a) If a claim shall be made by any Taxing or Government Authority, that, if successful, might result in a payment on behalf of Parent to Purchaser under Section 8.2 Purchaser shall promptly notify Parent with such potential liability in writing (a "Tax Notice") of such claim (a "Tax Claim") provided that Purchaser's failure to deliver such Tax Notice to Parent shall not limit Purchaser's rights under Section 8.2 except to the extent Parent's position or defense is actually and materially prejudiced by such failure. Such Tax Notice shall provide reasonable detail to apprise Parent of the nature of the Tax Claim, taking into account the facts and circumstances with respect to such Tax Claim.

(b) With respect to a Tax Claim or proceeding arising therefrom relating exclusively to a Pre-Closing Period, Purchaser shall have the right, at Parent's sole expense (but subject to the same limitation on expenses as provided in Section 8.2(a)(vii)(G)), to represent the interests of the Target Companies with respect to such a Tax Claim or proceeding; provided, that:

(i) Purchaser shall provide Parent with copies of all correspondence, notices and other written materials received from any Taxing Authorities and shall otherwise keep Parent and its tax advisors advised of significant developments in the audit or dispute and of significant communications involving representatives of the Taxing Authorities;

(ii) Parent shall have the right to consent to the selection of outside counsel or other advisors in connection with such Tax Claim or proceeding (which consent shall not be unreasonably withheld);

(iii) Purchaser shall keep Parent reasonably informed and consult seriously and in good faith with Parent and its tax advisors with respect to any issue relating to such audit or dispute;

(iv) Parent may request that Purchaser take a position in respect of such audit or proceeding, and Purchaser shall do so provided that (X) there exists a reasonable basis in fact and law for such position and (Y) the adoption of such position would not reasonably be expected to adversely affect the Tax liability of any of the Target Companies for any post-Closing period or portion thereof (unless Parent agrees to indemnify and hold harmless such Target Companies from such adverse effect);

(v) Purchaser shall provide Parent with a copy of any material written submission to be sent to a Taxing Authority prior to the submission thereof and shall give serious and good faith consideration to any comments or suggested revisions that Parent or its tax advisors may have with respect thereto;

(vi) Parent shall have the right to have a representative attend any portion of a meeting between Purchaser or any Target Company, on the one hand, and a Taxing Authority, on the other, in which any Tax for which Parent may be liable pursuant to Section 8.2(a)(vii) is discussed, provided that Purchaser shall have the right to set the agenda and strategy for such meeting; and

(vii) there will be no settlement, resolution, or closing or other agreement with respect thereto without the consent of Parent, which consent will not be unreasonably withheld, conditioned or delayed. For the avoidance of doubt, Parent may reasonably withhold its consent to any settlement, resolution or closing or other agreement with respect to any Tax Claim or proceeding arising therefrom if Parent can supply Purchaser with an opinion of nationally recognized tax counsel in the relevant jurisdiction that there is a reasonable basis in law and fact for Parent to achieve a more favorable result than the settlement, resolution, closing or other agreement, in which case Purchaser will continue to pursue the relevant tax audit or proceeding.

(c) With respect to a Tax Claim or proceeding arising therefrom relating to a Straddle Period, Purchaser shall have the right, at its sole expense (but subject to indemnity pursuant to Section 8.2(a)(vii), reasonably allocated taking into account the portion of the total Tax Claim that related to a Pre-Closing Period), to represent the interests of the Target Companies with respect to such a Tax Claim or proceeding; provided, that:

(i) Parent shall have the right, at its sole expense, to have a representative attend any proceedings and negotiations and to review any written materials sent to or received from the Taxing Authority;

(ii) Purchaser shall reasonably cooperate with Parent in connection with such attendance;

(iii) Purchaser shall not settle any Tax Claim or proceeding arising therefrom without Parent's consent (such consent not to be unreasonably withheld, conditioned or delayed).

Section 7.5 Transfer Taxes. Purchaser and Parent shall each be liable for and shall pay within any time period prescribed by Law or Taxing Authority (and shall indemnify and hold harmless Parent Indemnified Persons against) 50% of any transfer, documentary, filing, recording, stamp, sales, use, registration and other such taxes or fees or governmental charges, including interest or penalties thereon, in each case arising out of or in connection with the transactions effected pursuant to this Agreement (but, for the avoidance of doubt, excluding any taxes computed by reference to net income or capital gain of the Sellers, which shall be the responsibility of Parent) ("Transfer Taxes"). Purchaser shall, at its own expense, file (or cause to be filed) all necessary Tax Returns and other documentation with respect to any such Transfer Taxes, in each case arising from the purchase and sale of the Target Equity Interests. If required by applicable Law, Parent shall, and shall cause its Affiliates to, join in the execution of any such Tax Returns and other documentation; provided that any dispute with respect thereto shall be resolved pursuant to Section 7.12, which resolution shall be binding on the Parties. Parent and Purchaser shall, and shall cause their respective Affiliates to, use commercially reasonable efforts to minimize the amount of Transfer Taxes payable by reason of the consummation of the transactions contemplated hereunder.

Section 7.6 Cooperation; Access to Records. After each Closing of each Target Business Segment, Parent and Purchaser shall cooperate fully in preparing for and conducting any audits of, or disputes with any Taxing Authorities regarding, any Tax Returns, and shall provide such information as reasonably necessary for such audits, disputes or for the filing of all Tax Returns, subject to the provisions of Section 7.4, of each Target Company in the Target Business Segment. Parent shall, and shall cause the other Sellers to, after the applicable Closing, consistent with current practices of the Target Companies, retain such records, documents, accounting data and other information as are necessary for the preparation, filing and examination of Tax Returns with respect to Taxes of each Target Company and shall make available to the other Parties and to any Government Authority as reasonably requested all records, documents, accounting data and other information relating to Taxes of each Target Company until sixty (60) days after the expiration of the statute of limitations (and, to the extent Parent is notified by Purchaser or the Target Companies, any extensions thereof) and shall give Purchaser reasonable written notice prior to transferring, destroying, or discarding any such books and records and, if Purchaser so requests, Parent, or the other Sellers, shall allow Purchaser to take possession of such books and records.

Section 7.7 No Tax Elections. Purchaser shall not make, and agrees to prevent the Target Companies from making, any election pursuant to Section 338(g) of the Code or any similar provision of Law with respect to any Target Company.

Section 7.8 No Dividends. With respect to each Target Company, prior to January 1 of the calendar year following the year in which the applicable Closing occurs, Purchaser agrees that such Target Company shall not pay any distributions or dividends to its shareholders.

Section 7.9 Tax Sharing. Prior to the applicable Closing Date, Parent shall, and shall cause the other Sellers to, terminate any Tax sharing, Tax allocation, and Tax indemnification agreements and arrangements of each of the Target Companies (other than any Tax sharing, allocation or Tax indemnification agreement solely between Target Companies in the same Target Business Segment), and such agreements shall have no further effect for any taxable year or period (whether a past, present

or future year or period), and no additional payments shall be made thereunder on or after the applicable Closing Date with respect to any period.

Section 7.10 IRS Forms 5471. Purchaser shall cause a Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, to be timely and accurately filed for each Target Company (other than a Target Company that is treated as a “disregarded entity” within the meaning of Treasury Regulations Section 301.7701-3(b)(2)(i)(C)) that is not a U.S. Person for such Target Company's tax year in which Purchaser acquired such company. Each such Form 5471 shall be filed as a joint information return in respect of Purchaser (or its applicable Affiliate) and Parent (or its applicable Affiliates). In connection with the filing of each such Form 5471, Parent agrees to furnish or cause to be furnished to Purchaser, upon request, as promptly as practicable, such information (including Forms 5471 for each applicable Target Company for the taxable years ended December 31, 2011 and 2012 filed by Parent or its Affiliates) and assistance that is reasonably required to properly complete such Form 5471. Purchaser shall provide copies of the Forms 5471 to Parent no later than ten Business Days prior to the due date for filing such Forms 5471 for Parent's review and approval.

Section 7.11 Straddle Period Tax Allocation. If a Target Company does not close its taxable year on the applicable Closing Date or in any case in which a Tax is assessed with respect to a taxable period which includes the applicable Closing Date but does not begin or end on that day (a “Straddle Period”), the Taxes, if any, attributable to a Straddle Period shall be allocated (i) to the Pre-Closing Period for the period up to and including the applicable Closing, and (ii) to the period beginning after the applicable Closing for the period subsequent to the applicable Closing. Any allocation of income or deductions required to determine any Taxes attributable to a Straddle Period shall be made by means of a closing of the books and records of the Target Company as of the applicable Closing (but taking into account any Tax consequences of the Closing), provided that (x) real and personal property Taxes and any other *ad valorem* Taxes shall be apportioned on a per diem basis and (y) exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the applicable Closing and the period after the applicable Closing in proportion to the number of days in each such period.

Section 7.12 Disputes. Any dispute as to any matter covered in this Article VII shall be resolved by a nationally recognized tax expert in the jurisdiction to which the dispute relates that is mutually agreed by Parent and Purchaser or, if Parent and Purchaser do not agree on the selection of such expert, KPMG. The fees and expenses of such expert shall be borne 50% by Parent, on the one hand, and 50% by Purchaser on the other. If any dispute with respect to a Tax Return is not resolved prior to the due date of such Tax Return, such Tax Return shall be filed in the manner which the party responsible for preparing such Tax Return deems correct, the filing of which shall not prejudice or otherwise control the dispute in respect of such Tax Return.

Section 7.13 Refunds. If Purchaser or any Target Company receives (i) a Tax refund of any Tax, (ii) a credit against Taxes otherwise payable in lieu of a refund, or (iii) the release of excess Tax reserves (which were taken into account in the calculation of Final Net Asset Value) upon a final, binding and nonappealable determination with respect to contingencies forming the basis of such reserves, which Tax refund, credit or release relate to Taxes previously paid in or provided for in respect of a Pre-Closing Period (except to the extent that such refund or credit (i) is shown as an asset on the Final Closing Statement for purposes of calculating, or otherwise taken into account as an increase to, the applicable Final Net Asset Value, (ii) results from the carryback of a Tax attribute arising from a taxable period (or portion thereof) beginning on or after Closing, or (iii) is one to which

Purchaser or any of its Affiliates is entitled pursuant to the 2006 Agreements), Purchaser shall pay to the applicable Seller, within fifteen (15) Business Days following the actual receipt of such refund (or the application of such credit or release of such reserve), an amount equal to such refund (or credit or release) less (x) any expenses incurred by Purchaser, any of its Affiliates or any Target Company in connection with obtaining such refund (or credit or release) and (y) any Taxes incurred by Purchaser, any of its Affiliates or any Target Company in connection with the receipt or accrual of any such refund (or application of such credit or release). All other Tax refunds (or credits) and excess Tax reserves shall belong to Purchaser or to the applicable Target Company. Nothing in this Agreement is intended to alter the rights and obligations of the parties to the 2006 Agreement; provided, however, that to the extent that Parent is obligated pursuant to the 2006 Agreement to make a payment to Purchaser or an Affiliate of Purchaser by reason of the receipt by a Target Company of a Tax refund, Parent shall not be obligated to make such payment with respect to a Tax refund received by such Target Company after the applicable Closing Date.

Section 7.14 Exclusivity. In the event of any inconsistency between the provisions of this Article VII, on the one hand, and the provisions of Article VIII, on the other hand, the provisions of this Article VII shall control as to Tax matters.

#### ARTICLE VIII SURVIVAL; INDEMNIFICATION; CERTAIN REMEDIES

Section 8.1 Survival. The representations, warranties, covenants and obligations of the Parties with respect to each Target Business Segment contained in or made pursuant to this Agreement shall survive in full force and effect until 5:00 p.m. New York City time on the date that is 540 days after the Closing Date for such Target Business Segment, at which time they shall terminate (and no claims shall be made for indemnification under Section 8.2 or Section 8.3 thereafter), except:

(a) the Parent Fundamental Representations and Purchaser Fundamental Representations shall survive until 5:00 p.m. New York City time on the date that is the later of (i) 60 days after the expiration of any applicable statute of limitations and (ii) the tenth anniversary of the Closing Date for such Target Business Segment;

(b) (i) the covenants and obligations that by their terms apply or to the extent they are to be performed in whole or in part after a Closing shall survive for the period provided in such covenants and obligations, or until fully performed and (ii) the covenants and obligations that by their terms apply or to the extent that they are to be performed in their entirety on or prior to a Closing shall survive until 5:00 p.m. New York City time on the date that is 270 days after such Closing;

(c) The Non-Indemnifiable Tax Representations shall terminate upon Closing;

(d) The Indemnifiable Tax Representations, Parent's and Purchaser's obligations pursuant to Article VII and claims for indemnification under Section 8.2(a)(vii), Section 8.2(a)(viii) and Section 8.3(a)(iii) shall survive until the date that is the later of (i) 5:00 p.m., New York City time, on the date that is 60 days after the expiration of any applicable statute of limitations (including any extensions and suspension thereof) and (ii) 5:00 p.m., New York City time, on the date that is 60 days after the date that the respective tax assessment has become final, binding and nonappealable;

(e) claims for indemnification under Section 8.2(a)(iii) shall survive in full force and effect until 5:00 p.m., New York City time, on the date that is the sixth anniversary of the Closing relating to the Brazilian Target Companies;

(f) claims for indemnification under Section 8.2(a)(iv) shall survive in full force and effect until 5:00 p.m., New York City time, on the date that is the sixth anniversary of the Closing relating to the Target Business Segment that is the source of the greatest amount of Losses arising out of such claim for indemnification;

(g) claims for indemnification under Section 8.2(a)(v) shall survive in full force and effect indefinitely; and

(h) claims for indemnification under Section 8.2(a)(vi) shall survive in full force and effect until 5:00 p.m., New York City time, on the date that is the tenth anniversary of the Closing relating to the Target Business Segment that is the source of the greatest amount of Losses arising out of such claim for indemnification.

#### Section 8.2 Indemnification by Parent.

(a) After each Closing and subject to this Article VIII, Parent, on behalf of the Sellers, shall indemnify, defend and hold harmless Purchaser and its Affiliates (which, as of and after any Closing, shall include the Subject Companies transferred at such Closing) (the “Purchaser Indemnified Persons”), against, and reimburse the Purchaser Indemnified Persons for, without duplication, all Losses that the Purchaser Indemnified Persons may at any time suffer or incur, or become subject to:

(i) as a result of or in connection with the breach of any of the representations and warranties of Parent contained in Article III to the extent relating to a Closing that has occurred or a Target Company that has been purchased by and sold to Purchaser (other than the Non-Indemnifiable Tax Representations) (it being understood that, for purposes of determining whether any breach has occurred or calculating the amount of any Losses under this Section 8.2(a)(i), all materiality and Company Material Adverse Effect qualifications and exceptions (except for such qualifications and exceptions (A) used in Section 3.15(a)(ii), Section 3.15(a)(vi), Section 3.15(a)(viii), Section 3.19(e), Section 3.19(i) and Section 3.28(a) to qualify a list of items or a set of materials made available rather than to qualify a statement or (B) contained in Section 3.5(b)) contained in such representations and warranties shall be disregarded);

(ii) as a result of or in connection with any breach by Parent of any of its covenants, agreements or obligations contained in this Agreement to the extent relating to a Closing that has occurred or a Target Company that has been purchased by and sold to Purchaser;

(iii) as a result of the matters set forth in Section 8.2(a)(iii) of Parent's Disclosure Letter;

(iv) as a result of any action taken by Parent or any of its Affiliates to effect the Restructuring (to the extent resulting from the Restructuring and affecting a Target Company that has been purchased by and sold to Purchaser);



(v) as a result of (A) Parent's ownership of Residential Capital LLC, or (B) any Target Guarantee;

(vi) as a result of or in connection with (A) GMAC Continental Corporation's operation of any business (other than the Target Business) or acquisition, ownership or sale of any assets (other than any Equity Interests in any of the Target Companies) prior to the Closing, or (B) any Liability of GMAC Continental Corporation that is not related to, and does not arise from, its operation of the Target Business or its ownership of any Equity Interest in any of the Target Companies; or

(vii) that constitute (A) Taxes of the Target Companies (or any predecessor thereof) for any Pre-Closing Period (as allocated under Section 7.11), including any Taxes of the Target Company in respect of (1) income realized on the applicable Closing Date to the extent resulting from actions taken by the Target Company at the direction of Parent or any Seller (or any Affiliate of Parent or any Seller) that are outside the ordinary course of business or (2) any transactions in connection with the consummation of the Restructuring, (B) Taxes imposed on any Target Company as a result of the transactions effected pursuant to this Agreement, (C) Taxes imposed on the Target Companies pursuant to Treasury Regulations Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under state, local or foreign Law), (D) Tax liability of any Target Company (including, without limitation, any U.K. income tax (whether collected through PAYE or otherwise) or employee or employer's National Insurance Contributions) together with any interest or penalties arising therefrom, as a result of any share options, restricted stock units, stock appreciation rights or other such similar awards, which have been granted and/or awarded to any U.K. employees of a Target Company prior to Closing, pursuant to the Ally Financial, Inc. Long-Term Equity Incentive Plan, (E) any Transfer Taxes required to be borne by Parent pursuant to Section 7.5, (F) all withholding Taxes and Taxes in respect of non-resident gains arising as a result of or in connection with the transactions contemplated by this Agreement and (G) reasonable out-of-pocket costs and expenses (including reasonable fees and out-of-pocket expenses of outside legal counsel and other advisors) incurred by Purchaser Indemnified Persons relating to any indemnified Tax matter (including an examination relating thereto or a claim for Taxes) in this Section 8.2(a)(vii) or Section 8.2(a)(viii); or

(viii) as a result of a final binding and non-appealable determination that changes a Tax Attribute (including by reason of the application of any Tax Attribute to offset or reduce any Tax liability described in Section 8.2(a)(vii), but excluding by reason of (i) any retroactive change in Law enacted after the Closing, (ii) the sale of the Target Companies or (iii) any change of control or change of business conduct effected on or after the Closing), which, if given effect as of the applicable Closing Date (and not taking into account any change of Law since the Closing Date), would have caused a reduction in the Net Deferred Tax Asset calculated in accordance with GAAP, in which case the Loss subject to indemnification by Parent in this Section 8.2(a)(viii) shall be equal to the amount such reduction, payable at such time and to the extent that the changed Tax Attribute that causes a reduction in the Net Deferred Tax Asset would otherwise have been used to reduce the amount of Tax paid by Purchaser a Target Company or its Affiliates.

(b) Notwithstanding anything to the contrary contained herein, Parent shall not be required to indemnify, defend or hold harmless the Purchaser Indemnified Persons against, or reimburse, or otherwise have any liability under this Agreement to, the Purchaser Indemnified Persons for (i) any

Losses pursuant to Section 8.2(a)(i) (other than Losses in connection with any Parent Fundamental Representations or the Indemnifiable Tax Representations) with respect to any claim (A) unless such claim (or related claims arising out of the same facts, events or circumstances) involves Losses in excess of \$125,000 (the “Threshold”) (nor shall any such claim that does not meet such Threshold be applied to or considered for purposes of calculating the aggregate amount of Losses of the Purchaser Indemnified Persons for which Parent has responsibility under clause (B) of this Section 8.2(b) below), and (B) until the aggregate amount of the Losses of the Purchaser Indemnified Persons for which the Purchaser Indemnified Persons are finally determined to be otherwise entitled to indemnification under Section 8.2(a)(i) exceeds 2.00% of the Paid Purchase Price at the time the Claim Notice in respect of a claim for such Losses (or related claims arising out of the same facts, events or circumstances) is delivered (as may be increased pursuant to the last sentence of this Section 8.2(b), the “Deductible”), after which Parent, on behalf of the Sellers, shall be obligated for all Purchaser's Losses for which Purchaser is finally determined to be otherwise entitled to indemnification under Section 8.2(a)(i) that are in excess of the Deductible, but only if such excess Losses arise with respect to any claim (or related claims arising out of the same facts, events or circumstances) involving Losses in excess of the Threshold, (ii) any Losses pursuant to Section 8.2(a)(iii) with respect to any claim until the aggregate amount of the Losses of the Purchaser Indemnified Persons for which the Purchaser Indemnified Persons are finally determined to be otherwise entitled to indemnification under Section 8.2(a)(iii) exceeds \$5,000,000 at the time the Claim Notice in respect of a claim for such Losses (or related claims arising out of the same facts, events or circumstances) is delivered (the “Class Action Deductible”), after which Parent, on behalf of the Sellers, shall be obligated for all Purchaser's Losses for which Purchaser is finally determined to be otherwise entitled to indemnification under Section 8.2(a)(iii) that are in excess of the Class Action Deductible, but only if such excess Losses arise with respect to any claim (or related claims arising out of the same facts, events or circumstances) involving Losses in excess of the Threshold. Notwithstanding anything to the contrary contained herein, Parent shall not be required to indemnify, defend or hold harmless the Purchaser Indemnified Persons against, or reimburse, or otherwise have any liability under this Agreement to, the Purchaser Indemnified Persons for any Losses (1) pursuant to Section 8.2(a)(i) (other than Losses in connection with any Parent Fundamental Representation or the Indemnifiable Tax Representations) in a cumulative aggregate amount exceeding 15% of the Paid Purchase Price at the time the Claim Notice in respect of a claim for such Losses (or related claims arising out of the same facts, events or circumstances) is delivered (as may be increased pursuant to the last sentence of this Section 8.2(b), the “Cap”), and (2) pursuant to Section 8.2(a)(i) in connection with the Parent Fundamental Representations or the Indemnifiable Tax Representations, Section 8.2(a)(ii), Section 8.2(a)(iv), Section 8.2(a)(vi), Section 8.2(a)(vii) and Section 8.2(a)(viii) in a cumulative aggregate amount exceeding the Paid Purchase Price at the time the Claim Notice in respect of a claim for such Losses (or related claims arising out of the same facts, events or circumstances) is delivered. Notwithstanding anything herein to the contrary, the Deductible and the Cap in respect of any claim (or related claims arising out of the same facts, events or circumstances) shall increase as the Paid Purchase Price increases after the occurrence of any subsequent Closings.

### Section 8.3 Indemnification by Purchaser.

(a) After each Closing and subject to this Article VIII, Purchaser shall indemnify, defend and hold harmless Parent, the Sellers, and its and their respective Affiliates and Representatives (the “Parent Indemnified Persons”), against, and reimburse Parent Indemnified Persons for, without duplication, all Losses that Parent Indemnified Persons may at any time suffer or incur, or become subject to:

(i) as a result of or in connection with the breach of any of the representations and warranties of Purchaser contained in Article IV (it being understood that, for purposes of determining whether any breach has occurred or calculating the amount of any Losses under this Section 8.3(a)(i), all materiality and Purchaser Material Adverse Effect qualifications and exceptions contained in such representations and warranties shall be disregarded);

(ii) as a result of or in connection with any breach by any Purchaser or Purchaser Topco of any of their covenants, agreements or obligations contained in this Agreement or in any Transaction Document; or

(iii) that constitute (A) any Transfer Taxes required to be borne by such Purchaser pursuant to Section 7.5; (B) any withholding Tax for which Purchaser is responsible pursuant to Section 2.8; and (C) reasonable out-of-pocket costs and expenses (including reasonable fees and out-of-pocket expenses of outside legal counsel and other advisors) incurred by Parent Indemnified Persons relating to any indemnified Tax matter (including an examination relating thereto or a claim for Taxes) in this Section 8.3(a)(iii).

(b) Notwithstanding anything to the contrary contained herein, Purchaser shall not be required to indemnify, defend or hold harmless the Parent Indemnified Persons against, or reimburse, or otherwise have any liability under this Agreement to, the Parent Indemnified Persons for any Losses pursuant to Section 8.3(a)(i) (other than Losses in connection with any Purchaser Fundamental Representations) with respect to any claim (i) unless such claim (or related claims arising out of the same facts, events or circumstances) involves Losses in excess of the Deductible (nor shall any such claim that does not meet such Threshold be applied to or considered for purposes of calculating the aggregate amount of Parent's Losses for which Purchaser has responsibility under clause (ii) of this Section 8.3(b) below), (ii) until the aggregate amount of Losses for which the Parent Indemnified Persons are finally determined to be otherwise entitled to indemnification under Section 8.3(a)(i) exceeds the Deductible, after which Purchaser shall be obligated for all the Losses for which the Parent Indemnified Persons are finally determined to be otherwise entitled to indemnification under Section 8.3(a)(i) that are in excess of the Deductible, but only if such excess Losses arise with respect to any claim (or related claims arising out of the same facts, events or circumstances) involving Losses in excess of the Deductible. Notwithstanding anything to the contrary contained herein, Purchaser shall not be required to indemnify, defend or hold harmless the Parent Indemnified Persons against, or reimburse, or otherwise have any liability under this Agreement to, the Parent Indemnified Persons for any Losses (1) pursuant to Section 8.3(a)(i) (other than Losses in connection with any Purchaser Fundamental Representation) in a cumulative aggregate amount exceeding the Cap, and (2) pursuant to Section 8.3(a)(i) and Section 8.3(a)(iii) in connection with the Purchaser Fundamental Representations in a cumulative aggregate amount exceeding the Paid Purchase Price at the time the Claim Notice in respect of a claim for such Losses (or related claims arising out of the same facts, events or circumstances) is delivered, irrespective of the occurrence of any subsequent Closings.

#### Section 8.4 Claims Procedure.

(a) *Notification by the Indemnified Person.* If any Person claiming indemnification under this Article VIII (the "Indemnified Person") becomes aware of any fact, matter or circumstance that may give rise to a claim for indemnification under this Article VIII, the Indemnified Person shall (at its own expense) promptly notify in reasonable detail the Person from whom indemnification

is sought (the “Indemnifying Person”) in writing of such claim (“Claim Notice”), including any pending or threatened claim or demand by a third party that the Indemnified Person has determined has given or could reasonably give rise to a right of indemnification under this Agreement (including a pending or threatened claim or demand asserted in writing by a third party against the Indemnified Person) (each, a “Third-Party Claim”), setting out the provisions under this Agreement upon which such claim is based, and such other information (to the extent known) as is reasonably necessary to enable the Indemnifying Person to assess the merits of the potential claim, to make such provisions as it may consider necessary (including details of the legal and factual basis of the claim and the evidence on which the party relies (including where the claim is a result of a Third-Party Claim, evidence of the Third-Party Claim)) and setting out its estimate of the amount of Losses to the extent ascertainable which are, or are to be, the subject of the claim; provided, however, that the failure to provide such notice shall not release the Indemnifying Person from any of its obligations under this Article VIII except to the extent that the Indemnifying Person is materially prejudiced by such failure. The Parties agree that (i) notices for claims in respect of a breach of a representation, warranty, covenant or obligation must be delivered prior to the expiration of the applicable survival period specified in Section 8.1 for such representation, warranty, covenant or obligation and (ii) any claims for indemnification for which notice is not timely delivered in accordance with this Section 8.4(a) shall be expressly barred and are hereby waived; provided, further, that if, prior to such applicable date, a Party shall have notified the other Party in accordance with the requirements of this Section 8.4(a) of a claim for indemnification (including for a contingent Loss) under this Article VIII (whether or not formal legal action shall have been commenced based upon such claim), such claim shall continue to be subject to indemnification in accordance with this Article VIII notwithstanding the passing of such applicable date (and, in the case of a claim for indemnification for a contingent Loss, notwithstanding that such contingent Loss may not become an actual liability until the passing of such applicable date).

(b) *Cooperation by the Indemnified Person.* The Indemnified Person shall reasonably cooperate with and assist the Indemnifying Person in determining the validity of any claim for indemnity by the Indemnified Person and in defending against a Third-Party Claim. In connection with any fact, matter, event or circumstance that may give rise to a claim against any Indemnifying Person under this Agreement, the Indemnified Person shall ensure that the Indemnified Person and its Affiliates, as applicable: (i) shall preserve all material evidence relevant to the claim, (ii) shall allow the Indemnifying Person and its advisers to investigate the fact, matter, event or circumstance alleged to give rise to such claim and whether and to what extent any amount is payable in respect of such claim, and (iii) shall provide the Indemnifying Person and its Representatives reasonable access to such documents and information as may be reasonably requested in connection with such Third-Party Claims, subject to the Indemnifying Person and its advisers agreeing in such form as the Indemnified Person may reasonably require to keep all such information confidential and to use it only for the purpose of investigating and defending the claim in question.

(c) *Assumption of Defense of a Third-Party Claim.* Upon receipt of a notice of a claim for indemnity from an Indemnified Person pursuant to Section 8.4(a) in respect of a Third-Party Claim (other than a Tax Claim or proceeding arising therefrom, which shall be governed by the provisions of Article VII) the Indemnifying Person may, by notice to the Indemnified Person delivered within 30 Business Days of the receipt of notice of such Third-Party Claim, assume the defense and control of any Third-Party Claim, with its own counsel and at its own expense, but shall allow the Indemnified Person a reasonable opportunity to participate in the defense of such Third-Party Claim with its own counsel and at its own expense. The Indemnifying Person shall not, without the prior written consent of the Indemnified Person (which shall not be unreasonably

withheld, conditioned or delayed), consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any Third-Party Claim, unless such settlement, compromise, discharge or entry of any judgment does not involve any finding or admission of any violation of Law or admission of any wrongdoing by the Indemnified Person, and the Indemnifying Person shall obtain, as a condition of any settlement, compromise, discharge, entry of judgment (if applicable), or other resolution, a complete and unconditional release of each Indemnified Person from any and all Liabilities in respect of such Third-Party Claim. If the Indemnifying Person does not assume the defense and control of any such Third-Party Claim, the Indemnified Person, subject to Section 8.4(d), may defend the same in such manner as it may deem appropriate. This Section 8.4(c) and Section 8.4(d) do not apply to Third-Party Claims relating to Tax Claims or proceedings arising therefrom, which shall be governed by the provisions of Article VII.

(d) *Settlement of Claims*. The Indemnified Person shall not settle, compromise or consent to the entry of any judgment with respect to any claim or demand for which it is seeking indemnification from the Indemnifying Person or admit to any liability with respect to such claim or demand without the prior written consent of the Indemnifying Person (which consent shall not be unreasonably withheld, conditioned or delayed). Notwithstanding anything to the contrary contained in this Article VIII, no Indemnifying Person shall have any liability under this Article VIII for any Losses arising out of or in connection with any Third-Party Claim that is settled or compromised by an Indemnified Person without the consent of such Indemnifying Person.

(e) *Response to Claims Not Involving Third-Party Claims*. In the event any Indemnifying Person receives a notice of a claim for indemnity from an Indemnified Person pursuant to Section 8.4(a) that does not involve a Third-Party Claim, the Indemnifying Person shall notify the Indemnified Person within 30 Business Days following its receipt of such notice whether the Indemnifying Person disputes its liability to the Indemnified Person under this Article VIII.

Section 8.5 Payment. In the event a claim for indemnification under this Article VIII has been finally determined, the amount of such final determination shall be paid by the Indemnifying Person to the Indemnified Person within two Business Days of the request therefor in immediately available funds. Any Action by or before any Government Authority or arbitral body, and the liability for and amount of damages therefor, shall be deemed to be “finally determined” for purposes of this Article VIII when the Parties hereto have so determined by mutual agreement or, if disputed, when a final non-appealable Government Order has been entered into with respect to such Action.

Section 8.6 Treatment of Indemnification Payments. To the fullest extent permitted under applicable Law, for all purposes (including Tax purposes), the Parties shall treat any payment made under Section 8.2 or Section 8.3 as an adjustment to the Target Business Segment Purchase Price for the Target Business Segment to which such payment relates.

Section 8.7 Provisions. To the extent that any claim for indemnification relates to a Tax or Loss for which a reserve, accrual or provision is demonstrably and identifiably reflected in the Final Closing Statement, the amount of such Tax or Loss with respect to such claim for which such reserve, accrual or provision is reflected shall be reduced to take into account the amount of such reserve, accrual or provision. The amount of any Tax or Loss for which indemnification is provided under this Article VIII shall be net of any amounts actually recovered by the Indemnified Person under insurance policies with respect to such Loss.

Section 8.8 Exclusive Remedies. Each Party acknowledges and agrees that (a) prior to the Closing relating to any Target Business Segment, other than in the case of actual fraud by Parent, the sole and exclusive remedies of the Purchaser Parties for any breach of any of the representations and warranties of Parent contained in Article III relating to such Target Business Segment or the transfer thereof shall be, (i) in the event that each of the conditions set forth in Article VI has not been satisfied or waived, refusal to close the purchase and sale of the Target Equity Interests relating to such Target Business Segment hereunder and (ii) the right to terminate this Agreement pursuant to Section 9.1(c) subject to the terms set forth therein; (b) following the Closing relating to any Target Business Segment, the indemnification provisions of this Article VIII shall be the sole and exclusive remedies of the Parties for any breach of the representations or warranties contained in this Agreement relating to such Target Business Segment or the transfer thereof except in the case of fraud or willful breach and (ii) notwithstanding anything to the contrary contained herein, no breach of any representation, warranty, covenant or obligation contained herein shall give rise to any right on the part of either Party to rescind this Agreement or any of the transactions contemplated hereby, including any Closing that has already occurred; and (c) following the Closing relating to any Target Business Segment, the indemnification provisions of this Article VIII shall be the sole and exclusive monetary remedies of the Parties for any breach or non-fulfillment of any covenant to the extent such covenant relates to such Target Business Segment (other than those covenants set forth under Section 5.5(b), Section 5.5(c), Section 5.6, Section 5.9(e), Section 5.15 and Section 5.18 for the enforcement of which a Party may also seek specific performance or injunctive relief).

Section 8.9 Damages. The Parties agree that with respect to each indemnification obligation set forth in this Article VIII, any Transaction Document or any other document executed or delivered in connection with any Closing, in no event shall an Indemnifying Person have any liability to an Indemnified Person for any consequential, indirect, incidental, exemplary, punitive or special damages, internal costs or lost profits, other than any such damages, costs or lost profits required to be paid by an Indemnified Person or any of its Affiliates to any third party arising out of an Action by such third party or its Affiliates.

Section 8.10 Net Financial Benefit.

(a) No Indemnifying Person shall be liable under this Article VIII in respect of any Losses suffered by any Indemnified Person to the extent there are any offsetting savings by or quantifiable net financial benefits to such Indemnified Person arising from such Losses or the facts, matters, events or circumstances giving rise to such Losses. This Section 8.10(a) shall not apply to any Loss relating to Taxes.

(b) Any amount of any Loss or Tax for which indemnification is provided under Section 8.2 shall be (i) increased by the amount of any Tax cost actually incurred as an increase in Taxes payable by the Indemnified Person (or any Affiliate thereof) as a result of the receipt or accrual of the indemnification payment, (ii) net of any Tax benefit actually realized as a decrease in cash Taxes payable by the Indemnified Person (or any Affiliate thereof) prior to the date of such indemnification payment as a result of the incurrence or payment of any such Loss or Tax (including as a result of the facts, matters, events or circumstances giving rise to such Losses or Taxes).

(c) If, following an indemnification payment pursuant to Section 8.2, an Indemnified Person (or any Affiliate thereof) actually realizes as a decrease in cash Taxes payable by the Indemnified Person (or any Affiliate thereof) a Tax benefit as a result of the incurrence or payment of a Loss or Tax that would have reduced the amount of such indemnification payment pursuant to

Section 8.10(b) had such Tax benefit been actually realized prior to the date of such indemnification payment, then within ten (10) Business Days following the realization of the Tax benefit, Purchaser shall refund to Parent the amount of such Tax benefit.

Section 8.11 Contingent Liabilities. No Indemnifying Person shall be liable under this Article VIII in respect of any Loss which is contingent unless and until such contingent Loss becomes an actual liability and is due and payable.

Section 8.12 Right to Recovery. (a) If any Indemnifying Person is liable to pay an amount in discharge of any claim under this Agreement and any Indemnified Person recovers or is entitled to recover (whether by payment, discount, credit, relief, insurance or otherwise) from a third party a sum which indemnifies or compensates the Indemnified Person (in whole or in part) in respect of the Loss which is the subject matter of the claim, Parent or Purchaser, as applicable, shall procure that all commercially reasonable steps are taken to enforce recovery against the third party and any actual recovery (less any reasonable costs and expenses incurred in obtaining such recovery) shall reduce or satisfy, as the case may be, such claim to the extent of such recovery. Notwithstanding the foregoing, neither Party shall be required to act or forebear to act under this Section 8.12 if such act or forbearance, as applicable, could prejudice such Person's ability to prosecute a claim against an Indemnifying Person or any right hereunder in the reasonable judgment of Parent or Purchaser, as applicable.

(b) If any Indemnifying Person has paid an amount in discharge of any claim under this Agreement and any Indemnified Person recovers or is entitled to recover (whether by payment, discount, credit, relief, insurance or otherwise) from a third party a sum which indemnifies or compensates any Indemnified Person (in whole or in part) in respect of the Loss which is the subject matter of the claim, Parent or Purchaser, as applicable, shall procure that all commercially reasonable steps are taken as may be required to enforce such recovery and shall, or shall procure that the relevant Indemnified Person shall, pay to Parent or Purchaser, as applicable, as soon as practicable after receipt an amount equal to (i) any sum recovered from the third party less any reasonable costs and expenses incurred in obtaining such recovery or (ii) if less, the amount previously paid by the relevant Indemnifying Person to the relevant Indemnified Person.

Section 8.13 Double Claims. No Indemnified Person shall be entitled to recover from any Indemnifying Person under this Article VIII or under any Transaction Document more than once in respect of the same Loss (notwithstanding that such Loss may result from breaches of multiple provisions of this Agreement).

Section 8.14 Mitigation of Losses.

(a) The Indemnified Persons shall cause that all commercially reasonable steps are taken and all commercially reasonable assistance is provided to avoid or mitigate any Losses, which in the absence of mitigation might give rise to or increase the Loss in respect of any claim under this Article VIII. This Section 8.14(a) shall not apply to Taxes.

(b) Subject to and in accordance with the provisions of this Section 8.14(b), if any liability of the Parent under Section 8.2(a) in respect of Tax can be reduced or eliminated by the surrender of Group Relief (as defined in Schedule 3.8(u)) to the relevant Target Company by any company other than Purchaser, an Affiliate of Purchaser or any other Target Company (including by way of electing that any gain on the disposal or notional disposal of an asset be treated as accruing not to the Target Company but to an Affiliate of Parent), Parent may make or procure the making of such

surrender or election and Purchaser shall procure that the Target Company shall cooperate with Parent in relation to such surrender or election and make all necessary returns, claims, consents and notifications required to be made in respect of such surrender or election. The Target Company shall not be liable to give any consideration in respect of any surrender of or election in relation to Group Relief pursuant to this Section 8.14(b).

(c) In the event that (x) the taxable income or Tax of a Target Company is increased for a Pre-Closing Period in a manner that results in an indemnification payment under Section 8.2(a), and (y) the result of such increase is the allowance of an additional deduction in computing the taxable income, an additional credit or a correlative adjustment reducing Taxes of such Target Company or its Affiliates in a taxable period beginning after the applicable Closing Date, the Purchaser shall use commercially reasonable efforts to claim such deduction, credit or correlative adjustment in the earliest taxable period for which such deduction, credit or correlative adjustment is allowable.

## ARTICLE IX TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Final Closing:

(a) *Consent*. By the mutual written consent of Parent and Purchaser;

(b) *Delay*. By either Parent or Purchaser if the Final Closing has not occurred on or before July 1, 2014 (the “Outside Date”); provided, however, the right to terminate this Agreement under this Section 9.1(b) shall not be available to any Party whose failure to take any action required to fulfill any of such Party's obligations under this Agreement has caused or resulted in the failure of any Closing to occur prior to the Outside Date, and any such termination shall not affect the obligations of the Parties to complete the purchase and sale of any Target Business Segment with respect to which the last of the conditions set forth in Article VI has been satisfied or waived (other than those conditions that, by their terms, are to be satisfied on such Closing Date), but the Closing in respect of such Target Business Segment has not yet occurred (which, for purposes of this Article IX, shall be deemed to be completed prior to July 1, 2014).

(c) *Breach*. By either Parent or Purchaser, upon written notice to the other, in the event of a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Purchaser Topco or Purchaser (in the case of Parent) or Parent (in case of Purchaser), which breach would, individually or in the aggregate, result in, if occurring or continuing on every Closing Date applicable to each Target Business Segment not transferred prior to such date, the failure of any condition to the terminating Party's obligations set forth in Article VI in respect of every Closing relating to every Remaining Target Business Segment, and which cannot be or has not been cured within 45 days after the giving of written notice to the breaching Party of such breach (or by the Outside Date, if earlier); provided, however, that the right to terminate this Agreement under this Section 9.1(c) shall not be available to Purchaser or Parent if the would-be terminating Party (including, in the case of Purchaser, Purchaser Topco) is then in material breach of its representations, warranties, agreements and covenants hereunder; and

(d) *Denial of Regulatory Approval*. By Parent or Purchaser on or after the date that at least one Required Governmental Approval in respect of each Remaining Target Business Segment has been subject to a written denial by action of each relevant Government Authority at least 60



days prior to such date and all avenues of appeal, if any, for each such Required Governmental Approval have been exhausted; provided is in material breach of its representations, warranties, agreements and covenants hereunder at the time it seeks to terminate this Agreement under this Section 9.1(d).

Section 9.2 Notice of Termination. If Parent or Purchaser desires to terminate this Agreement pursuant to Section 9.1, it shall give written notice of such termination to (in the case of termination by Parent) Purchaser and to (in the case of termination by Purchaser) Parent.

Section 9.3 Effect of Termination. Upon a termination of this Agreement in accordance with Section 9.1, each Party's further rights and obligations hereunder, other than the Surviving Provisions, shall terminate, but termination shall not affect any rights or obligations of a party which may have accrued prior to such termination and shall not relieve any Party from liability for any willful and material breach prior to such termination. Notwithstanding the foregoing (but subject to clause (ii) of the proviso in Section 9.1(b)), any termination of this Agreement shall only have effect with respect to any Remaining Target Business Segment as of the date of such termination (and, for the avoidance of doubt, any holdback payment that has not been paid theretofore pursuant to Section 2.4 shall be forfeited by Parent).

Section 9.4 Additional Rights and Remedies. The Parties acknowledge and agree that nothing in this Article IX shall prejudice or limit any rights or remedies which may otherwise be available to Parent under this Agreement or pursuant to applicable Law, including the right to claim damages or seek specific performance.

## ARTICLE X MISCELLANEOUS

### Section 10.1 Notices.

(a) Any notice, request, claim, demand or other communication in connection with this Agreement (each, a “Notice”) shall be:

- (i) in writing in English; and
- (ii) delivered by hand, fax, registered mail or by courier using an internationally recognized courier company, or transmitted by email.

(b) A Notice to any Party shall be sent to such party at the following address, or such other Person or address as such Party may designate by delivery of notice in writing to the other Party.

- (i) If to Parent, to:

Ally Financial Inc.  
200 Renaissance Center  
Mail Code: 482-B09-B11  
Detroit, MI 48265-2000  
Attention: Peter Greene  
William B. Solomon, General Counsel

Facsimile: (877) 263-4044  
(313) 656-6124  
Email: Peter.Greene@ally.com  
William.B.Solomon@ally.com

With a copy to (which shall not constitute a Notice):

Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004  
Attention: Jay Clayton  
C. Andrew Gerlach  
Facsimile: (212) 558-3588  
Email: claytonwj@sullcrom.com  
gerlacha@sullcrom.com

(ii) If to Purchaser or Purchaser Topco, to:

General Motors Financial Company, Inc.  
801 Cherry Street, Suite 3500  
Fort Worth, Texas 76102  
Attention: Chief Financial Officer  
Facsimile: (817) 302-7915  
Email: chris.choate@gmfinancial.com

With a copy to (which shall not constitute a Notice):

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
Attention: Frederick S. Green  
Danielle D. Do  
Facsimile: (212) 310-8007  
Email: frederick.green@weil.com  
danielle.do@weil.com

(c) A Notice shall be effective upon receipt and shall be deemed to have been received:

- (i) at the time of delivery, if delivered by hand, registered post or courier; or
- (ii) upon confirmation by telephone or electronic correspondence of receipt thereof, if sent by fax or email, excluding, however, any answer or confirmation automatically generated by electronic means (such as out-of-office replies).

Section 10.2 Assignment. Except as otherwise expressly provided in this Agreement, no Party may without the prior written consent of the other Party, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Agreement; provided that (a) Parent may, following notice in writing to Purchaser no later than three Business Days prior to the effective date of the assignment, assign any or all of its rights, benefits and obligations under this Agreement to one or more of its direct or indirect, wholly owned Subsidiaries (other than any

Target Company) or Affiliates; provided, further, that any such assignment shall not relieve Parent of its obligations hereunder; and (b) Purchaser may, following notice in writing to Parent no later than three Business Days prior to the effective date of the assignment, assign, pledge or otherwise transfer any or all of its rights, benefits and obligations under this Agreement to one or more of its direct or indirect, wholly owned Subsidiaries or Affiliates; provided that any such assignment shall not (i) result in any delay in the consummation of the transactions contemplated hereby or (ii) relieve Purchaser of its obligations hereunder. Any attempted assignment in violation of this Section 10.2 shall be null and void. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by, the Parties and their successors and permitted assigns.

Section 10.3 No Third-Party Beneficiaries. Except as provided in Article VIII or otherwise expressly provided herein, this Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein expressed or implied shall give or be construed to give to any Person, other than the Parties and such assigns, any legal or equitable rights hereunder.

Section 10.4 Whole Agreement; Conflict with Other Transaction Documents.

(a) This Agreement, the other Transaction Documents and the Confidentiality Agreement contain the whole agreement between the Parties relating to the subject matter of this Agreement to the exclusion of any terms implied by Law which may be excluded by contract and supersede any previous written or oral agreement between the Parties in relation to the matters dealt with herein and therein.

(b) Purchaser acknowledges that it has not been induced to enter this Agreement by any representation, warranty assurance, commitment, statement or undertaking not expressly incorporated into it and agrees that it will not contend to the contrary.

(c) So far as is permitted by Law, Purchaser agrees and acknowledges that its only right and remedy in relation to any provision of this Agreement shall be for breach of the terms of this Agreement to the exclusion of all other rights and remedies (including those in tort or arising under statute), including any right to rescind this Agreement.

(d) If there is any inconsistency between the terms of this Agreement and any other Transaction Document, this Agreement shall prevail (as between the Parties and as between any of Parent's Affiliates and any of Purchaser's Affiliates) to the extent of the inconsistency, unless otherwise expressly agreed.

Section 10.5 Costs. Except as otherwise provided herein, each Party shall bear all costs incurred by it in connection with the preparation, negotiation and execution of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, it being understood that in no event shall any Subject Companies bear any out-of-pocket costs and expenses of Parent or any of the Sellers unless such costs and expenses are reflected in the Final Net Asset Value with respect to such Subject Companies. Purchaser shall bear the costs incurred for local notaries for the preparation of the deeds and other documents necessary to effect each Closing as well as the costs incurred for the German notary contemplated by Section 10.7.

Section 10.6 Governing Law; Consent to Jurisdiction; Specific Performance.

(a) **THIS AGREEMENT AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ANY PRINCIPLES OF CONFLICTS OF LAW OR CHOICE OF LAW THAT WOULD HAVE THE EFFECT OF GIVING EFFECT TO THE LAWS OF ANOTHER JURISDICTION).**

(b) Each Party hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction and venue of the United States District Court for the Southern District of New York and in the courts hearing appeals therefrom unless no basis for federal jurisdiction exists, in which event each Party irrevocably consents to the exclusive jurisdiction and venue of the Supreme Court of the State of New York, New York County, and the courts hearing appeals therefrom, for any Action arising out of or relating to this Agreement and the transactions contemplated hereby. Each Party hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any such Action, any claim that it is not personally subject to the jurisdiction of the aforesaid courts for any reason, other than the failure to serve process in accordance with this Section 10.6, that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and to the fullest extent permitted by applicable Law, that the Action in any such court is brought in an inconvenient forum, that the venue of such Action is improper, or that this Agreement, or the subject matter hereof, may not be enforced in or by such courts and further irrevocably waives, to the fullest extent permitted by applicable Law, the benefit of any defense that would hinder, fetter or delay the levy, execution or collection of any amount to which the party is entitled pursuant to the final judgment of any court having jurisdiction. **EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

(c) Each Party irrevocably consents to the service of process out of any of the aforementioned courts in any such Action by the mailing of copies thereof by registered mail, postage prepaid, to such party at its address specified pursuant to Section 10.1, such service of process to be effective upon acknowledgment of receipt of such registered mail.

(d) Each Party expressly acknowledges that the foregoing waivers are intended to be irrevocable under the laws of the State of New York and of the United States of America; provided that consent by Purchaser to jurisdiction and service contained in this Section 10.6 is solely for the purpose referred to in this Section 10.6 and shall not be deemed to be a general submission to said courts or in the State of New York other than for such purpose.

(e) Each Party acknowledges that, other than as provided in Section 8.8, it would be impossible to determine the amount of damages that would result from any breach of any of the provisions of this Agreement and that, in view of the uniqueness of the subject matter of this Agreement, the remedy at law for any breach, or threatened breach, of any of such provisions would be inadequate and, accordingly, agrees that, other than as provided in Section 8.8, the other Party, in addition to any other rights or remedies which it may have, shall be entitled to specific performance

of this Agreement and any of the terms of this Agreement (including the respective obligations of Purchaser and Parent under Section 5.5(b), Section 5.5(c), Section 5.6, Section 5.9(e), Section 5.15 and Section 5.18) and such other equitable and injunctive relief available to the Parties from any arbitral tribunal of competent jurisdiction to compel specific performance of, or restrain any party from violating, any of such provisions. In connection with any action or proceeding for equitable and injunctive relief permitted hereunder, other than as provided in Section 8.8, each Party hereby waives any claim or defense that a remedy at law alone is adequate and, to the maximum extent permitted by Law, agrees to have each provision of this Agreement (including the respective obligations of Purchaser and Parent under Section 5.5(b), Section 5.5(c), Section 5.6, Section 5.9(e), Section 5.15 and Section 5.18) specifically enforced against it, without the necessity of posting bond or other security against it, and consents to the entry of equitable and injunctive relief against it enjoining or restraining any breach or threatened breach of any provision of this Agreement.

Section 10.7 Counterparts. The Parties agree to have this Agreement executed and notarized by a notary in Germany after execution of this Agreement by the parties hereto in New York. This Agreement may be executed in any number of counterparts, each of which shall be deemed to constitute an original and all of which shall together constitute one and the same instrument. Subject to the first sentence of this Section 10.7, this Agreement shall become binding when any number of counterparts, individually or taken together, shall bear the signatures of both Parties. Subject to the first sentence of this Section 10.7, this Agreement may be executed and delivered by facsimile or any other electronic means, including “.pdf” or “.tiff” files, and any facsimile or electronic signature shall constitute an original for all purposes.

Section 10.8 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 10.9 Amendments; Waiver. Any provision of this Agreement may be amended if, and only if, such amendment is in writing and signed by and on behalf of each Party hereto. Any provision of this Agreement may be waived if such waiver is in writing and signed by and on behalf of the Party against whom such waiver is to be enforced. No waiver of any breach of this Agreement will be implied from any forbearance or failure of a Party to take action thereon.

Section 10.10 Payments; Currency Conversion.

(a) Except to the extent otherwise expressly provided in this Agreement, all payments to be made under this Agreement shall be made in full, without any set off or deduction for or on account of any counterclaim. Any payment to be made under this Agreement shall be effected by crediting for same day value the account specified by the Party entitled to the payment on or before the due date for payment.

(b) The conversion of any amount determined initially by reference to a foreign currency into Dollars for purposes of testing such amount against the thresholds contained in Section 3.15

(Contracts) or Section 5.1 (Conduct of the Target Business) shall be made based on the currency conversion rate published in the applicable Bloomberg page at 4:00 p.m., New York City Time, on, (i) with respect the thresholds contained in Section 3.15 (Contracts), the date hereof, and (ii) with respect to the thresholds contained in Section 5.1 (Conduct of the Target Business), the date the relevant action necessitating such testing against such thresholds is taken.

*[Signature Page Follows]*

IN WITNESS WHEREOF, Parent, Purchaser and Purchaser Topco have executed this Agreement as of the date first written above.

ALLY FINANCIAL INC.

By:

Name:

Title:

*Signature Page to Purchase and Sale Agreement*

GENERAL MOTORS FINANCIAL COMPANY, INC.

By:

Name:

Title:

Solely for purposes of Section 5.3, Section 5.6, Section 5.14(b) and Article X:

GENERAL MOTORS COMPANY

By:

Name:

Title:

*Signature Page to Purchase and Sale Agreement*



## Schedule A

### Target Companies

#### Part 1

Target Company	Country	Equity Interests			Equity Interest Held in Other Target Companies (Directly or Indirectly)	
		Class or Series	Authorized	Issued and Outstanding	Other Target Company	Equity Interest Held <sup>1</sup>
Ally Mexico Holdings LLC	United States (Delaware)				Ally Credit, S.A. de C.V. Sociedad Financiera de Objeto Múltiple, Entidad No Regulada	999 Clase I Acciones Ordinarias Nominativas (Class I Ordinary Named Shares) (99.9%)
					Servicios GMAC, S.A. de C.V.	499,999 Acciones Ordinarias Nominativas (Ordinary Named Shares) (99.999998%)
Ally Credit, S.A. de C.V. Sociedad Financiera de Objeto Múltiple, Entidad No Regulada	Mexico	Clase I Acciones Ordinarias Nominativas (Class I Ordinary Named Shares), with no par value	1,000	1,000	Servicios GMAC, S.A. de C.V.	1 Acción Ordinaria Nominativa (Ordinary Named Share) (0.000002%)
Servicios GMAC, S.A. de C.V.	Mexico	Acciones Ordinarias Nominativas (Ordinary Named Shares) , of a single series with a par value of MX\$0.10	500,000	500,000	N/A	N/A
Banco GMAC S.A.	Brazil	Ações ordinárias nominativas (Common Registered Shares)	N/A	1,046,874,906 shares	GMAC Administradora de Consórcios Ltda.	174,654,188 quotas (99.999996%)
					GMACI Corretora de Seguros S.A.	10,000 shares (100%)
GMAC Administradora de Consórcios Ltda.	Brazil	Quotas	N/A	174,654,195 quotas	N/A	N/A
GMACI Corretora de Seguros S.A.	Brazil	Ações Ordinárias Nominativas (Common Registered Shares)	N/A	10,000 shares	N/A	N/A
GMAC - Prestadora de Serviços de Mão-de-Obra Ltda.	Brazil	Quotas	N/A	3,952,199 quotas	N/A	N/A
GMAC Comercial Automotriz Chile S.A.	Chile	Acciones Ordinarias Nominativas y Sin Valor Nominal (Common, Nominative and Without Value Stock)	4,000	4,000	GMAC Automotriz Limitada	99% of equity interest in GMAC Automotriz Limitada

<sup>1</sup> Amounts in parentheses represent the approximate percentage of the combined direct and indirect Equity Interests of such class or series held by the relevant Target Company as of the date of this Agreement.

Target Company	Country	Equity Interests			Equity Interest Held in Other Target Companies (Directly or Indirectly)	
		Class or Series	Authorized	Issued and Outstanding	Other Target Company	Equity Interest Held <sup>1</sup>
GMAC Automotriz Limitada	Chile	N/A (uncertified equity interest)	N/A	N/A	N/A	N/A
GMAC Colombia S.A. LLC	United States of America				GMAC Financiera de Colombia S.A. Compañía de Financiamiento	3,053,696,995.10547 Acciones Ordinarias Nominativas (Ordinary Named Shares) (94.8999998%)
					GMAC Servicios S.A.S.	47,447 Acciones Ordinarias Nominativas (Ordinary Named Shares) (94.94%)
GMAC Financiera de Colombia S.A. Compañía de Financiamiento	Republic of Colombia	Acciones Ordinarias Nominativas (Ordinary Named Shares)	3,230,769,230	3,217,805,058.07	N/A	N/A
GMAC Servicios S.A.S.	Republic of Colombia	Acciones Ordinarias Nominativas (Ordinary Named Shares)	100,000	50,000	N/A	N/A
GMAC Holdings UK Limited	United Kingdom	Ordinary Shares	N/A	222,696,627	GMAC UK plc	50,000 Ordinary Shares (100%)
GMAC UK plc	United Kingdom	Ordinary Shares	N/A	50,000	N/A	N/A
GMAC Leasing GmbH	Austria	share ( <i>Geschäftsanteil</i> )	N/A	1 share with a nominal value of € 70,000	N/A	N/A
GMAC Suisse SA	Switzerland	Nominative Shares (= Registered Shares)	N/A	1,000 shares with a nominal value of CHF 1,000 each	N/A	N/A
GMAC Management GmbH	Germany	share ( <i>Geschäftsanteil</i> )	N/A	1 share with a nominal value of € 25,000	GMAC Germany GmbH & Co. KG	0% <sup>2</sup>
GMAC Germany GmbH & Co. KG	Germany	limited partners' interest ( <i>Kommanditanteil</i> )	N/A	one limited partners' interest ( <i>Kommanditanteil</i> ) in the amount of € 10,000	GMAC Bank GmbH	€ 218,892,541.79 (100%) (direct)
					GMAC Financial Services GmbH	€ 25,000 (100%) (direct)
					Master Lease Germany GmbH	€ 2,300,813.47 (100%) (direct)
					GMAC Leasing GmbH (Germany)	1 share € 26,100 (100%) (indirect)
					GMAC Real Estate GmbH & Co. KG	€ 9,400 (94%) (indirect)

<sup>2</sup> GMAC Management GmbH acts as the general partner of GMAC Germany GmbH & Co. KG, a partnership, but it does not hold an equity interest in the partnership.

Target Company	Country	Equity Interests			Equity Interest Held in Other Target Companies (Directly or Indirectly)	
		Class or Series	Authorized	Issued and Outstanding	Other Target Company	Equity Interest Held <sup>1</sup>
GMAC Bank GmbH	Germany	share (Geschäftsanteil)	N/A	one share with a nominal value of € 218,892,541,79	GMAC Leasing GmbH (Germany)	1 share € 26,100 (100%) (direct)
					GMAC Real Estate GmbH & Co. KG	€ 9,400 (94%) (indirect)
GMAC Financial Services GmbH	Germany	share (Geschäftsanteil)	N/A	one share in the nominal value of € 25,000	N/A	N/A
Master Lease Germany GmbH	Germany	share (Geschäftsanteil)	N/A	three shares in the nominal value of € 1,127,398,60, € 1,150,406,73 and € 23,008.14 respectively	N/A	N/A
GMAC Leasing GmbH	Germany	share Geschäftsanteil)	N/A	One share with a nominal value of € 26,100	GMAC Real Estate GmbH & Co. KG	€ 9,400 (94%) (direct)
GMAC Real Estate GmbH & Co. KG	Germany	limited partners' interest (Kommanditanteil)	N/A	general partners' interest of € 9,400 and limited partners' interest of € 600	N/A	N/A
GMAC Financial Services AB	Sweden	Serie A Shares Serie B Shares	48,000 (Ratio: 9 Serie A Shares to 1 Serie B Share)	22,140 Shares (of which 19,926 Serie A Shares and 2,214 Serie B Shares)	GMAC Handelsbolag	99.9% of Partnership Interest
GMAC Handelsbolag	Sweden	N/A	N/A	N/A	N/A	N/A
GMAC PEARL B.V.	Netherlands	Ordinary Shares	90,000 shares EUR 90,000	18,000 shares EUR 18,000	N/A	N/A
GMAC Lease B.V.	Netherlands	Ordinary Shares	50,000 shares EUR 22,689,000.	11,501 shares EUR 5,218,923.78	Masterlease Europe Renting, S.L.	278,753 Registered Shares (100%)
GMAC Nederland N.V. (including Belgium branch)	Netherlands (with Belgium branch)	Ordinary Shares	50,000 shares EUR 50,000,000	23,692 shares EUR 23,692,000	GMAC España Financiación, S.A.	Aciones Nominativas (Names Shares) (100%)

Target Company	Country	Equity Interests			Equity Interest Held in Other Target Companies (Directly or Indirectly)	
		Class or Series	Authorized	Issued and Outstanding	Other Target Company	Equity Interest Held <sup>1</sup>
GMAC Continental Corporation (including Belgium Branch)	United States (with Belgium Branch)	One class only	1,000 shares (\$10.00) authorized and subscribed	1,000 shares of \$0.01 each (\$10.00)	GMAC Servicios S.A.S.	1 Acción Ordinaria Nominativa (Ordinary Named Shares) (0.002%)
					GMAC Finacial Services AB	8,740 Shares (of which 7,866 Series A Shares and 874 Series B Shares) (39.47606%)
Masterlease Europe Renting, S.L.	Spain	One class only	Fully subscribed, paid up and with identical voting and dividend rights	Registered shares of nominal value of 10 euros each. (278,753*10=EUR 2,787,530)	N/A	N/A
GMAC España Financiación, S.A.	Spain	One class only	The authorized capital has been issued and paid in full by the shareholders	EUR: 16,587,600	N/A	N/A
GMAC Italia SpA	Italy	Ordinary Shares	The authorized capital has been issued and paid in fully by the shareholders	2,100,000 ordinary shares of Euro 10.00 nominal value each representing EUR 21,000,000 corporate capital	N/A	N/A
GMAC Banque S.A.	France	Ordinary Shares	N/A	214,847 Shares (EUR: 8,164,186)	N/A	N/A
GMAC - Instituição Financeira de Crédito, S.A.	Portugal	One class only	The authorized capital has been issued and paid in full by the shareholders	500,000 shares with nominal value of € 20.00 per share EUR: 10,000,000.00	G.M.A.C. - Comércio e Aluguer de Veículos, Lda.	€ 100 capital stock quota (0.20%)
G.M.A.C. - Comércio e Aluguer de Veículos, Lda.	Portugal	One class only	The authorized capital has been issued and paid in full by the shareholders	EUR 49,880,000 of capital stock quotas	N/A	N/A

**Part 2**

<b>Seller</b>	<b>Target Company</b>	<b>Target Equity Interest<sup>3</sup></b>
GMAC International LLC	Ally Credit, S.A. de C.V. Sociedad Financiera de Objeto Múltiple, Entidad No Regulada	1 Clase I Acción Ordinaria Nominativa
IB Finance Holding Company, LLC	Ally Mexico Holdings LLC	(Class I Ordinary Named Share) (0.1%)
Parent	Banco GMAC S.A.	1,046,870,653 shares (99.9996%)
Parent	GMAC - Prestadora de Serviços de Mão-de-Obra Ltda.	3,948,247 quotas
GMAC Commercial LLC	GMAC Comercial Automotriz Chile S.A.	1 Acción ordinaria nominativa y sin valor nominal (Ordinary Nominative and Without Pair Value Shares) (0.025%)
Parent	GMAC Comercial Automotriz Chile S.A.	3,999 Acciones ordinarias nominativas y sin valor nominal (Ordinary Nominative and Without Pair Value Shares) (99.975%)
Parent	GMAC Automotriz Limitada	1% of equity interest in GMAC Automotriz Limitada
Parent	GMAC Financiera de Colombia S.A. Compañía de Financiamiento	164,108,057.961411 (5.1%)
Parent	GMAC Servicios S.A.S.	2,550 Acciones Ordinarias Nominativas (Ordinary Named Shares) (5.1%)
GMAC Commercial LLC	GMAC Servicios S.A.S.	1 Acción Ordinaria Nominativa (Ordinary Named Share) (0.002%)
GMAC International LLC	GMAC Servicios S.A.S.	1 Acción Ordinaria Nominativa (Ordinary Named Share) (0.002%)
Parent	GMAC Colombia S.A. LLC	(100)%

<sup>3</sup> Amounts in parentheses represent the approximate percentage of the Target Equity Interest to all issued and outstanding Equity Interests of such class or series.

Seller	Target Company	Target Equity Interest <sup>4</sup>	Percentage of Purchase Price Allocable to Target Equity Interest
Parent	GMAC Holdings UK Limited	222,696,627 Ordinary Shares (100%)	
Parent	GMAC Leasing GmbH (Austria)	€ 70,000 (100%)	
Parent	GMAC Suisse SA	1000 shares (100%)	
GMAC Holdings GmbH	GMAC Management GmbH	€ 25,000 (100%)	
GMAC Holdings GmbH	GMAC Germany GmbH & Co. KG	€ 10,000 (100%)	
Parent	GMAC Real Estate GmbH & Co. KG	€ 600 (6%)	
Parent	GMAC Financial Services AB	13,400 Shares (of which 12,060 Serie A Shares and 1,340 Serie B Shares) (60.52394%)	
GMAC International Holdings B.V.	GMAC Handelsbolag	0.1% of Partnership Interest	
GMAC International Holdings B.V.	GMAC PEARL B.V.	18,000 Ordinary Shares having a nominal value of EUR 18,000.00 (100%).	
Parent	GMAC Lease B.V.	11,501 Ordinary Shares having a nominal value of EUR 5,218,923.78 (100%)	
GMAC International Holdings B.V.	GMAC Nederland N.V.	23,692 Ordinary Shares having a nominal value of EUR 23,692,000.00 (100%)	
GMAC International Holdings B.V.	GMAC Italia SpA	2,091,600 ordinary shares having a nominal value of EUR 20,916,000 (99.6%)	
GMAC International LLC	GMAC Italia SpA	8,400 ordinary shares having a nominal value of EUR 84,000 (0.4%)	
GMAC International Holdings B.V.	GMAC Banque S.A.	212,825 Shares (99.06%)	
GMAC Holdings (No. 1) B.V.	GMAC - Instituição Financeira de Crédito, S.A.	494,940 shares (98.99%)	
GMAC International LLC	GMAC - Instituição Financeira de Crédito, S.A.	5,000 shares (1.01%)	
GMAC Holdings (No. 1) B.V.	G.M.A.C. - Comércio e Aluguer de Veículos, Lda.	€ 49,780 capital stock quota (99.80%)	
Parent	GMAC Continental Corporation (including Belgium Branch)	1,000 Shares (100%)	

<sup>4</sup> Amounts in parentheses represent the approximate percentage of the Target Equity Interest to all issued and outstanding Equity Interests of such class or series.

## Schedule B

### Jurisdiction-Specific Closing Deliverables

Parent shall deliver, or cause to be delivered, to Purchaser each of the following:

#### Mexico

1. All shares certificates representing the Target Equity Interests in Ally Credit, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada held by GMAC International LLC duly endorsed in property in favor of the Purchaser;
2. Copy of the Mexican Trademark Assignment;
3. The Shareholders' Meetings Minutes Book, Stock Registry Book (evidencing the transfer of the Target Equity Interests in Ally Credit, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada held by GMAC International LLC in favor of the relevant Acquiring Entity) and Capital Variations Book and the Board of Directors' Meetings Minutes Book for each of Ally Credit, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad No Regulada and Servicios GMAC, S.A. de C.V.

#### Brazil

1. An updated Registered Shares Transfer Book (*Livro de Transferência de Ações Nominativas*) and Registered Shares Book (*Livro de Registro de Ações Nominativas*) Banco GMAC S.A. evidencing the transfer to Purchaser of the Target Equity Interests in such Person;
2. A duly executed amendment to the by-laws of GMAC Prestadora de Serviços de Mão-de-Obra Ltda. transferring to Purchaser the Target Equity Interests in such Person;
3. Copy of the Brazilian Trademark Assignment;
4. Originals of the following valid debt clearance certificates (negative or positive with negative effects) for the Brazilian Target Companies: (a) *Certidão Conjunta Negativa de Débitos relativos a Tributos Federais e quanto à Dívida Ativa da União*, issued by *Secretaria da Receita Federal e Procuradoria-Geral da Fazenda Nacional*; (b) *Certidão Negativa de Débito - CND*, issued by *Secretaria da Receita Previdenciária*; and (c) *Certificado de Regularidade do Fundo de Garantia por Tempo de Serviço - FGTS*, issued by *Caixa Econômica Federal*.

#### Chile

1. One or more certificates representing the Target Equity Interests in GMAC Comercial Automotriz Chile S.A., together with a customary and reasonable “*traspaso de acciones*”, duly executed and attested in favor of Purchaser;
2. An updated shareholders registry for GMAC Comercial Automotriz Chile S.A. evidencing the transfer of the Target Equity Interests in such Person;

3. An assignment deed (*Escritura Pública de Cesión de Derechos Sociales y Modificación de Estatutos*) with respect to the Target Equity Interests in GMAC Automotriz Limitada in favor of Purchaser, duly executed before a Chilean notary public;

#### Colombia

1. One or more certificates representing the Target Equity Interests in GMAC Financiera de Colombia S.A. Compañía de Financiamiento and GMAC Servicios S.A.S., duly endorsed (*endoso*) in the name of Purchaser;
2. An updated stock ledger for each of GMAC Financiera de Colombia S.A. Compañía de Financiamiento and GMAC Servicios S.A.S. evidencing (i) the cancellation of the Target Equity Interests held by Parent; and (ii) the transfer and registration in the stock ledger of the Target Equity Interests in each of GMAC Financiera de Colombia S.A. Compañía de Financiamiento and GMAC Servicios S.A.S. in favor of Purchaser;
3. Evidence of the previous notice sent to GMAC Servicios S.A.S. informing the proposed transfer of Target Equity Interests.
4. Copy of the registration of the Colombian Trademark Assignment Agreement delivered to and filed with the Superintendency of Industry and Commerce.
5. Issuance of new Target Equity Interests in GMAC Financiera de Colombia S.A. Compañía de Financiamiento and GMAC Servicios S.A.S, in favor of Purchaser;
6. Copy of Colombian Domain Names Assignment, duly registered before the domain name registrar; as well as evidence of the perfection of the transfer of the domain names before such registrar;
7. Within thirty (30) days of Closing, Parent shall deliver a copy of any tax return, duly filed before the Colombian Tax Authority for the payment of any capital gains tax triggered by the Closing.

#### Italy

1. One or more certificates representing the Target Equity Interests in GMAC Italia SpA, duly endorsed and notarized in the name of Purchaser;
2. Shareholders' waiver relating to their respective pre-emption right as provided by the by-laws.

#### Netherlands

1. The original shareholders' register of each of the Dutch Target Companies which (i) reflects the Sellers as the beneficial and legal owners of the relevant Target Equity Interests and (ii) evidences that there are no Encumbrances on the relevant Target Equity Interests;
2. Original powers of attorney authorizing the transfer of the Target Equity Interests in the Dutch Target Companies and the execution of any relevant deed in relation thereto, duly executed and legalized on behalf of the Sellers and the Dutch Target Companies, together with certified



true copies of their representing signatories' valid passports and, with respect to any Seller that is not incorporated and existing under the Law of the Netherlands, a statement from an independent legal counsel admitted in the relevant jurisdiction confirming that such Seller's representing signatories have the authority to act on behalf of such Seller and that such Seller has the corporate authority to enter into such power of attorney; in each case, in such form as may reasonably and customarily be required by the notary designated to execute any such deed; and such powers of attorney to authorize any lawyer employed by the firm with which the notary is affiliated to execute or cause the execution of such transfer and any such deed; such powers of attorney need to include an apostille pursuant to the Convention of October 5, 1961 Abolishing the Requirement of Legalization of Foreign Public Documents;

3. If so required under the articles of association of any Dutch Target Company, an original shareholders' resolution approving the transfer of the Target Equity Interests in such Target Company by the relevant Seller to Purchaser, subject to and in accordance with such articles of association;
4. A share purchase agreement between the Parties, duly executed by Parent, whereby (i) Parent actually sells to Purchaser, and Purchaser actually purchases from Parent, the Target Equity Interests in the Dutch Target Companies and (ii) the Parties agree to cause the Target Equity Interests in each Dutch Target Company to be transferred by the applicable Seller to Purchaser by way of the execution before a civil-law notary admitted in the Netherlands as designated by Purchaser of a notarial deed of share transfer on terms which shall not modify the terms of, or contain any conditions other than set forth in, this Agreement;
5. An original deed of assignment duly executed by and between Parent, on the one hand, and each relevant Seller of each Dutch Target Company, on the other hand, whereby (i) Parent assigns its rights and obligations in respect of the sale and purchase of the Target Equity Interests in the Dutch Target Companies to each such Seller subject to and in accordance with Section 10.2, and (ii) each such Seller agrees to sell and transfer the Target Equity Interests in any relevant Dutch Target Company to Purchaser, in performance of Parent's obligations under this Agreement; such (1) original shareholders' registers, (2) original powers of attorney, (3) original shareholder's resolution, (4) original share purchase agreement and (5) original deed of assignment, in each case, to be delivered to such notary.

#### France

1. Duly completed and dated share transfer forms (*ordres de mouvement*) for the Target Equity Interests in GMAC Banque S.A., duly executed in favor of Purchaser;
2. Originals of the share transfer register (*registre de mouvement de titres*) and shareholders' accounts (*comptes individuels d'actionnaires*) of GMAC Banque S.A. duly evidencing the transfer of the Target Equity Interests in GMAC Banque S.A. in favor of Purchaser as contemplated herein;
3. Duly completed dated and executed tax certificates (*formulaire Cerfa n°2759 DGI*) in connection with the transfer of the Target Equity Interests in GMAC Banque S.A.

#### Germany

1. Agreement on the transfer of the Target Equity Interests in GMAC Management GmbH, duly signed and executed by Purchaser in the form of a German notarial deed on terms which shall not modify the terms of, or contain any conditions other than set forth in the Agreement;
2. Agreement on the transfer of the Target Equity Interests in GMAC Germany GmbH & Co. KG, duly signed and executed by Purchaser in the form of a German notarial deed on terms which shall not modify the terms of, or contain any conditions other than set forth in the Agreement;
3. Copy of the German Trademark Assignment.

#### Austria

1. Agreement on the transfer of the Target Equity Interest in GMAC Leasing GmbH, Austria, duly signed and executed by Seller and Purchaser in the form of an Austrian notarial deed on terms which shall not modify the terms of, or contain any conditions other than set forth in the Agreement;
2. Copy of the Austrian Trademark Assignment.

#### Sweden

1. An updated share register of GMAC Financial Services AB evidencing the transfer of the Target Equity Interests in GMAC Financial Services AB to Purchaser;
2. An instrument in writing evidencing the transfer of the Target Equity Interests in GMAC Handelsbolag to Purchaser;
3. Copy of the Swedish Trademark Assignment;
4. A completed notification form to be sent to the Swedish Companies Registration Office (Sw. Bolagsverket) regarding the change of partners in GMAC Handelsbolag, as well as documentary evidence of receipt of notifications from the Swedish Companies Registration Office (it being acknowledged by the Parties that such documentary evidence will not be available at the Closing Date, but that the Purchaser will deliver the documentary evidence as soon as practically possible after receiving the documentary evidence from the Swedish Companies Registrations Office).

#### Switzerland

1. Share transfer agreement (*Abtretungsvertrag*), duly signed by Parent, in relation to all shares in GMAC Suisse SA., the terms of which shall not modify the terms of, or contain any conditions other than set forth in, this Agreement;
2. A circular resolution of all board members of GMAC Suisse SA to enter Purchaser as new and sole shareholder in the share register as of closing, which circular resolution must be signed by all board members of GMAC Suisse SA;
3. Copy of the Swiss Trademark Assignment;

4. An updated version of the share register of May 15, 2012 of GMAC Suisse SA evidencing the transfer of the Target Equity Interests to Purchaser, which new share register must be signed by all board members of GMAC Suisse SA.

#### United Kingdom

1. Duly completed and signed transfers of the Target Equity Interests in GMAC Holdings UK Limited in favor of Purchaser, together with the relevant certificates representing such Target Equity Interests;
2. Certificates of incorporation of the UK Target Companies;
3. The statutory and minute books of each of the UK Target Companies complete and up to date up to the Business Day immediately prior to Closing, and share certificate books of each of the UK Target Companies (together with all unused share certificate forms);
4. A letter of resignation as auditor for the UK Target Companies Deloitte & Touche LLP confirming they (a) have no outstanding claims of any kind and (b) have complied with Section 519 of the Companies Act 2006;
5. Authentication codes for the UK Target Companies for the Companies House webfiling service;
6. A customary power of attorney in favor of Purchaser regarding the operation of the GMAC Holdings UK Limited prior to payment by Purchaser of necessary stamp duties and entry of Purchaser into the registry of members of GMAC Holdings UK Limited;
7. A certified copy of a duly passed resolution of the board of directors of GMAC Holdings UK Limited approving, subject only to stamping, the transfer of the Target Equity Interests in GMAC Holdings UK Limited to Purchaser. The transfer can only be entered in the register of members with director approval.

#### United States

1. An updated ownership schedule evidencing the transfer of the Target Equity Interests in Ally Mexico Holdings LLC to Purchaser;
2. An updated ownership schedule evidencing the transfer of the Target Equity Interests in GMAC Colombia S.A. LLC to Purchaser.

#### Spain

1. Copy of the Spanish Trademark Assignment.

#### Portugal

1. Declarations under the terms and for the purposes set forth in article 102 of the Portuguese Securities Code, requiring the registration of the transfer of the shares representing the share

capital of GMAC - Instituição Financeira de Crédito, S.A. which are owned by GMAC Holdings (No.1) B.V. and GMAC International LLC in favor of the Purchaser;

2. Nominative shares certificates representing the shares owned by GMAC Holdings (No.1) B.V. and GMAC International LLC, duly endorsed (“*endosso*”) in favor of the Purchaser;
3. An updated share ledger of GMAC - Instituição Financeira de Crédito, S.A. (“*Registo de Emissão de Valores Mobiliários*”) evidencing the transfer and registration of the shares representing the share capital of GMAC - Instituição Financeira de Crédito, S.A. which are owned by GMAC Holdings (No.1) B.V. and GMAC International LLC in favor of the Purchaser;
4. Legally required statutory books of GMAC - Instituição Financeira de Crédito, S.A., duly signed and up to date up to the Business Day immediately prior to Closing (including accounting books, if existing);
5. Certificate of registration of GMAC - Instituição Financeira de Crédito, S.A. as an insurance agent (“*Agente de seguros*”) issued by the Instituto de Seguros de Portugal;
6. Separate Share Purchase Agreement (“*Contrato de Cessão de Quotas*”) executed between GMAC Holdings (No.1) B.V. and the Purchaser, for the transfer of the shares representing 99.80% of the share capital of G.M.A.C - Comércio e Aluguer de Veículos, Lda., confirming that GMAC - Comércio e Aluguer de Veículos, Lda. holds no real estate properties (for the purpose of making proof for exemption of payment of real estate transfer tax - *IMT*), the terms of which shall not modify the terms of, or contain any conditions other than set forth in, this Agreement;
7. Registration request addressed to G.M.A.C - Comércio e Aluguer de Veículos, Lda. through which GMAC Holdings (No.1) B.V. requests the mandatory commercial registration of the transfer of the shares representing 99.80% of the share capital of G.M.A.C - Comércio e Aluguer de Veículos, Lda. in favor of the Purchaser;
8. Updated and valid declaration issued by the Portuguese Social Security evidencing that G.M.A.C - Comércio e Aluguer de Veículos, Lda. has no debts towards the Portuguese Social Security;
9. Legally required statutory books of G.M.A.C - Comércio e Aluguer de Veículos, Lda., duly signed and up to date up to the Business Day immediately prior to Closing (including accounting books, if existing).

#### Greece

Purchaser shall deliver, or cause to be delivered to the relevant Seller each of the following:

1. Copy of the Greek Trademark Assignment.

#### Chile

1. The “*traspaso de acciones*” referred to in Item 1 under the heading “Chile” in the list of items deliverable by Parent in this Schedule B, duly countersigned by Purchaser;
2. Acknowledgement of receipt of the delivery of the certificates referred to in Item 1 under the heading “Chile” in the list of items deliverable by Parent in this Schedule B, by signing the corresponding slip in the Share Certificates Booklet (*talonario de acciones*); and
3. The assignment deed referred to in Item 3 under the heading “Chile” in the list of items deliverable by Parent in this Schedule B, duly executed by Purchaser before the Chilean notary public referenced in such item.

#### Colombia

1. Copy of the Colombian Trademark Assignment.

#### Netherlands

1. Original powers of attorney authorizing the transfer of the Target Equity Interests in the Dutch Target Companies and the execution of any relevant deed in relation thereto, duly executed and legalized on behalf of Purchaser, together with certified true copies of their representing signatories' valid passports and, with respect to Purchaser, a statement from an independent legal counsel admitted in the relevant jurisdiction confirming that Purchaser's representing signatories have the authority to act on behalf of Purchaser has the authority to enter into such power of attorney; in each case, in such form as may reasonably and customarily be required by the notary designated to execute any such deed; and such powers of attorney to authorize any lawyer employed by the firm with which the notary is affiliated to execute or cause the execution of such transfer and any such deed; such powers of attorney need to include an apostille pursuant to the Convention of October 5, 1961 Abolishing the Requirement of Legalization of Foreign Public Documents;
2. A share purchase agreement between the Parties, duly executed by Purchaser, whereby (i) Parent actually sells to Purchaser, and Purchaser actually purchases from Parent, the Target Equity Interests in the Dutch Target Companies and (ii) the Parties agree to cause the Target Equity Interests in each Dutch Target Company to be transferred by the applicable Seller to Purchaser by way of the execution before a civil-law notary admitted in the Netherlands as designated by Purchaser of a notarial deed of share transfer on terms which shall not modify the terms of, or contain any conditions other than set forth in, this Agreement.

#### Sweden

1. An instrument in writing evidencing that Purchaser acquires all the rights and assumes all the obligations relating to the Target Equity Interests in GMAC Handelsbolag and adheres to the partnership agreement governing GMAC Handelsbolag;
2. A completed notification form to be sent to the Swedish Companies Registration Office (Sw. Bolagsverket) regarding the change of partners in GMAC Handelsbolag, as well as documentary evidence of receipt of notifications from the Swedish Companies Registration Office (it being acknowledged by the Parties that such documentary evidence will not be available at the Closing Date, but that the Purchaser will deliver the documentary evidence

as soon as practically possible after receiving the documentary evidence from the Swedish Companies Registrations Office);

3. Minutes of an extraordinary meeting of the shareholders of GMAC Financial Services AB whereby the shareholders resolve upon appointment of new members of the board of directors and other resolutions applicable, e.g., new auditor, new articles of association;
4. A completed notification form to be sent to the Swedish Companies Registration Office (Sw. Bolagsverket) regarding the resignation of the members of the board of directors and the auditor and other resolutions of GMAC Financial Services AB, as well as documentary evidence of receipt of notifications from the Swedish Companies Registration Office (it being acknowledged by the Parties that such documentary evidence will not be available at the Closing Date, but that the Purchaser will deliver the documentary evidence as soon as practically possible after receiving the documentary evidence from the Swedish Companies Registrations Office).

#### Italy

1. Letter in the name and on behalf of the new shareholder(s) of GMAC Italia SpA, undertaking (a) not to propose or vote in favor of a shareholders resolution concerning an action against the resigning members of the corporate bodies for their liability vis-à-vis the Italian Target Company or its shareholders, and (b) to indemnify and hold the resigning members of the corporate bodies harmless in the event such action is initiated;

#### France

1. Duly completed dated and executed share transfer forms (*ordres de mouvements de titres*) and tax certificates (formulaire Cerfa n°2759 DGI) in connection with the transfer of the Target Equity Interests in GMAC Banque S.A.;
2. A certificate of a duly authorized officer of the Purchaser certifying that the Purchaser Required Governmental Approvals have been obtained, with all relevant authorizations attached thereto.

## Schedule C

### Agreed Accounting Principles

The Agreed Accounting Principles follow GAAP in all material respects, except that the Agreed Accounting Principles do not include all of the information and notes required by GAAP for complete financial statements; provided, however, that the following denotes specific applications of these principles and certain conventions followed by certain entities due to immateriality and/or operational considerations:

- 1) Loan Origination Costs - ASC 310-20 *Receivables - Nonrefundable Fees and Other Costs* (previously SFAS 91).
  - a) Operations other than GMAC UK do not defer and amortize certain internal costs directly related to specified activities performed by the country for the origination of finance receivables. Instead these costs are recognized as operating expenses in the period incurred.
  - b) GMAC Sweden does not defer certain loan origination fees and instead recognizes them as revenue in the period received.
- 2) Revenue Recognition:
  - a) GMAC Germany does not recognize interest revenue on finance contracts in the first month they are originated. Instead the revenue associated with the first payment installment is recognized in the following month, delaying revenue recognition, and resulting in a full month's revenue being recognized in the last month of the contract.
  - b) Insurance - Commissions: According to FASB ASC 942-605, commissions received from independent insurers for policies issued to finance customers should be deferred and systematically amortized to income over the life of the related insurance contracts because the insurance and lending activities are integral parts of the same transactions.
    - i) In the UK and Italy, most insurance commissions are recognized on an actuarial basis over the life of the finance receivables. GMAC Italy recognizes auto insurance commissions on a cash basis.
    - ii) GMAC Brazil defers auto insurance commissions and amortizes them straight line over 12 months, but all other insurance commissions are recognized upon receipt.
    - iii) Colombia recognizes unemployment and extended warranty insurance commissions on a cash basis.
    - iv) Ally Mexico recognizes extended warranty insurance commissions on a cash basis.
- 3) Securitization
  - a) Brazil FIDC is a wholesale securitization VIE that Brazil should fully consolidate. The Brazilian Investment Regulatory environment precludes Banco GMAC from obtaining complete financial information on its FIDC fund. Due to this lack of information on the totality of the FIDC, GMAC Brazil accounts for the FIDC as follows:
    - i) the cash received from the transfer of the wholesale receivables as third party secured debt,
    - ii) the equity book value of the FIDC as an "other asset" as a proxy for the investment securities held by the fund,
    - iii) the wholesale receivable purchase discount as a proxy for third party interest expense, and
    - iv) the monthly change in the book value of the FIDC's equity as other revenue as a proxy for the income from the short term investments.
- 4) Charge-offs & repossessions
  - a) Consumer

- i) Consumer accounts are generally charged off once a legal process begins or an account reaches 120 days past due (DPD), whichever is sooner. Charge offs are performed via a manual “snapshot” approach, whereby all accounts in “legal” status or aged more than 120 dpd at month end are partially charged-off to their net realizable value.
  - ii) In Europe, however, as there is no systematic tracking in place to enable these loans to be permanently charged-off, a borrower may pay her account current in the subsequent period resulting in the account falling out of the next period's snapshot and the charge-off effectively being reversed.
  - iii) Consumer risk personnel estimate a recovery rate for each country. The recovery rate is used to estimate the net realizable value (NRV) of the collateral and ultimately the charge-off amount (Charge-off equals outstanding balance less NRV).
  - iv) LAO countries fully charge-off accounts (NRV equals zero) once they reach 360 days past due.
  - v) Italy fully charges-off accounts that reach 150 days past due. Other European countries fully charge-off accounts (NRV equals zero) once they are deemed uncollectable by the collections staff.
- b) Commercial - are reviewed on a case-by-case basis to determine likelihood of repayment and charged off or written down to net realizable value at no more than 360 days past due.
  - c) Consumer Repossessed Vehicles in LAO - due to the uncertainty in length of time required to obtain necessary legal authorizations to sell repossessed vehicles in the LAO countries, repossessed vehicles are not reclassified to other assets and written down to net realizable value. Instead they remain recorded as a non-performing receivable and follow the consumer charge-off accounting described above. Proceeds on sale of a repossessed vehicle are recorded as a payment against the NRV of the receivable. Any amounts recovered in excess of the NRV of the receivable are recorded as an offset to charge-offs.
- 5) Derivative Accounting - interest accruals and cash payments related to derivatives are recorded in the legal entity holding the derivative position. The market values of these derivatives are recorded centrally on another Ally legal entity and not on the actual legal entity holding the position.
  - 6) Lease Accounting - certain lease transactions in Austria which should be accounted for as finance leases are accounted for as operating leases due to system constraints.
  - 7) Wholesale receivables with retention of title - in certain countries, IO entities hold legal title to the underlying vehicles to enhance our security position in floorplan financing transactions. We account for these transactions as wholesale receivables.
  - 8) Legal contingencies and reserves - reserves are established for litigation matters that have a probability of loss of 70% or greater. The reserve is set equal to the estimated amount of loss provided by internal or external counsel in accordance with GAAP.
    - a) Labor claims with a 70% probability of loss in Brazil are reserved at 90% of the claimed amount, based on historical payout analysis.
    - b) Colombia reserves for litigation cases with >50% probability of loss.
  - 9) Non-Income tax contingencies and reserves - reserves are established for litigation matters that have a probability of loss of 70% or greater. The reserve is set equal to the estimated amount of loss interest and penalties as provided by internal or external tax advisors.
    - a) ISS tax cases are reserved using a portfolio approach due to the number of different municipalities involved and the instances at which these could be discussed, there is no certainty on how these cases will be judged and closed. Brazil reserves for these cases at 50% of the claimed amount.



- b) Legal Obligations represent cases where Brazil is contesting the constitutionality of a tax being charged to the company. These cases are viewed as gain contingencies and therefore are reserved for at 100% of the tax plus penalties and interest until a final decision is issued. An example of this legal obligation concept is the PIS/COFINS (Revenue Tax) case where Brazil argues the constitutionality of the charge, and where even though the external counsel deems the lawsuit to have a remote probability of loss, GMAC still carries the total reserve of the claim on its' books.

In addition, if the Liabilities incurred by Parent and its Affiliates (including each Target Company prior to the Closing associated with such Target Company) with respect to the costs and expenses associated with the audit and preparation of the Audited Financial Statements, the audit report and comfort letters (the “Incurring Audit Expenses”) in connection therewith is greater than 50% of the total amount of such costs and expenses (the “Allocated Audit Expenses”), then an amount of such Liabilities equal to the difference between the Incurring Audit Expenses and the Allocated Audit Expenses shall be expressly disregarded for all purposes of the Agreed Accounting Principles.

**Schedule D**  
**Reference Closing Statement**

SC1:3335029.3

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**Exhibit 1**  
**Form of Transition Services Agreement**

SC1:3335029.3

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**Exhibit 2**

**Form of Transitional Trademark License Agreement**

SC1:3335029.3

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## **Schedule 1.1(a) Agreed Derivative Valuation Principles**

### **Value of Derivative Transactions**

In connection with determining the Net Derivative Value, the value of each Derivative Transactions will be determined based on the most recent valuation used by the counterparty to the Derivative Transaction for the purpose of determining the margin to be provided by Parent or its Controlled Affiliates in respect of the Derivative Transaction (the “Counterparty Valuation”), provided that, if contemporaneous Counterparty Valuations are not available for a Derivative Transaction (e.g., an illiquid Derivative Transactions) the parties shall work in good faith to agree a value for that Derivative Transaction.

### **Purchaser Derivative Termination Obligations**

In connection with determining the out-of-pocket expenses incurred by Parent or its Controlled Affiliates in connection with the termination of Derivative Transactions, the expense will be based on the difference between the most recent Counterparty Valuation prior to the termination (expected to be as of the first or second preceding trading day) and the amount received or paid by Parent or its Controlled Affiliates in connection with the termination, provided that, if Counterparty Valuations are not available for a Derivative Transaction (e.g., an illiquid Derivative Transactions) the parties shall work in good faith to agree to the out-of-pocket expense for the termination of the Derivative Transaction.

### **Potential Valuation Adjustments**

If with respect to the value of Derivative Transactions or Purchaser Derivative Termination Obligations a party believes that the valuation determination for a Derivative Transaction or the cost of terminating a Derivative Transaction does not reflect the appropriate value for the relevant Closing Date due to market changes between the date used for valuation and such Closing Date, the parties shall work in good faith to agree a Closing Date value for (or cost of terminating) that Derivative Transaction.

**Schedule 1.1(b) (Brazilian Target Companies)**

1. Banco GMAC S.A.
2. GMAC Administradora de Consórcios Ltda.
3. GMACI Corretora de Seguros S.A.
4. GMAC - Prestadora de Serviços de Mão-de-Obra Ltda.

SC1:3335029.3

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**Schedule 1.1(c) (Dutch Target Companies)**

1. GMAC Pearl B.V.
2. GMAC Lease B.V.
3. GMAC Nederland N.V.

SC1:3335029.3

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**Schedule 1.1(d) (European Target Companies)**

1. GMAC Holdings UK Limited
2. GMAC UK plc
3. GMAC Leasing GmbH (Austria)
4. GMAC Suisse SA
5. GMAC Management GmbH
6. GMAC Germany GmbH & Co. KG
7. GMAC Bank GmbH
8. GMAC Financial Services GmbH
9. Master Lease Germany GmbH (Germany)
10. GMAC Leasing GmbH
11. GMAC Real Estate GmbH & Co. KG
12. GMAC Financial Services AB
13. GMAC Handelsbolag
14. GMAC PEARL B.V.
15. GMAC Lease B.V.
16. GMAC Nederland N.V.
17. Masterlease Europe Renting, S.L.
18. GMAC España Financiación, S.A.
19. GMAC Italia SpA
20. GMAC Banque S.A.
21. GMAC - Instituição Financeira de Crédito, S.A.
22. G.M.A.C. - Comércio e Aluguer de Veículos, Lda.
23. GMAC Continental Corporation (including Belgium Branch)



**Schedule 1.1(e) (French Target Company)**

1. GMAC Banque S.A.

SC1:3335029.3

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**Schedule 1.1(f) (German Target Companies)**

1. GMAC Management GmbH
2. GMAC Germany GmbH & Co. KG
3. GMAC Bank GmbH
4. GMAC Financial Services GmbH
5. Master Lease Germany GmbH
6. GMAC Leasing GmbH (Germany)
7. GMAC Real Estate GmbH & Co. KG

**Schedule 1.1(g) (MCC Target Companies)**

1. Ally Mexico Holdings LLC
2. Ally Credit, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad no Regulada
3. Servicios GMAC S.A. de C.V.
4. GMAC Comercial Automotriz Chile S.A.
5. GMAC Automotriz Limitada
6. GMAC Colombia S.A. LLC
7. GMAC Financiera de Colombia S.A. Compañía de Financiamiento
8. GMAC Servicios S.A.S.

SC1:3335029.3

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## Schedule 1.1(h) Restricted Region

### Brazil

- Brazil

### MCC

- Mexico
- Colombia
- Chile

### Europe

- Germany
- Austria
- Switzerland
- Belgium
- Luxembourg
- Netherlands
- France
- Sweden
- United Kingdom
- Italy

SC1:3335029.3

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**Schedule 1.1(i) (UK Target Companies)**

1. GMAC Holdings UK Limited
2. GMAC UK plc

SC1:3335029.3

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**Schedule 2.8 (Fiscal Residence of Purchasing Entity)**

<b><u>Fiscal Residence of Purchasing Entity</u></b>	<b><u>Jurisdiction of Target Company</u></b>
US	Mexico (including its U.S. parent)
US	Brazil
US	Colombia (including its U.S. parent)
US or Chile	Chile
US or UK	Europe (other than Germany)
US, UK, Germany or Switzerland	Germany
US or UK	China

SC1:3335029.3

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**Schedule 3.8(q) Net Deferred Tax Asset**

SC1:3335029.3

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**Schedule 3.8(u) (UK)**

(a) All claims made by any Target Company for Group Relief were valid when made and have been or will be allowed by way of relief from corporation tax.

(b) Each Target Company which is resident in the UK is: (i) properly registered for the purposes of VATA; and (ii) has made, given, obtained and kept up to date, full and accurate records, invoices and documents appropriate or required for the purposes of VATA. No Target Company is a member of a group of companies for the purposes of Section 43 of VATA (groups of companies). No Target Company, nor any company of which it is a relevant associate within the meaning of paragraph 3(7), Schedule 10 VATA (election to waive exemption) has elected to waive exemption under paragraph 2 of Schedule 10 in relation to any land.

For purposes of the representations and warranties in this Schedule 3.8(u), the following terms have the meanings set forth below:

“CTA 2010” means Corporation Tax Act 2010.

“Group Relief” means any loss, allowance or other amount eligible for surrender by way of group relief in accordance with the provisions of Part 5 CTA 2010, any advance corporation tax eligible for surrender pursuant to Section 240 ICTA (prior to amendment by Finance Act 1998) or any refund of tax eligible for surrender pursuant to section 963 CTA 2010.

“ICTA” means Income and Corporation Taxes Act 1988.



### **Schedule 3.8(v) (FRANCE)**

a) None of the Target Companies shall be jointly liable for any Tax liability of any third party. In particular, without limitation: (i) no Target Company has acted, in respect of the period during which a competent Taxing Authority is entitled to make a Tax audit or inquiry, as agent or Tax representative of a third party for VAT purposes; and (ii) each Target Company and any direct and indirect holder of a participation in that Target Company (within the meaning of article 990 D of the French Tax Code) have complied (where applicable) with all declaration obligations for the purpose of obtaining exemption or relief from the 3% tax under articles 990 D to 990 H of the French Tax Code or have duly paid the relevant 3% tax contribution.

b) All necessary steps (including preparation of all necessary documentation) have been taken by the Sellers in relation to archiving, collecting data and ensuring entries are traceable so that Purchaser and the Target Companies will be in a position to comply with the requirements of articles L13, L47A and L102.B of the French Tax Procedure Code (*Livres des procédures fiscales*). In the event of a Tax audit of the Target Companies' computerized systems, the Target Companies are and will be in a position to conduct the Tax audit in an appropriate manner in order to meet all the requirements provided for by articles L13, L47A and L102.B of the French Tax Procedure Code, including in particular the preserving of data, software, computerized systems, computers and IT materials, so that the French Tax Authorities would be in a position to work on the IT and accounting data and to process them again as required by the above-mentioned articles L13, L47A and L102.B of the French Tax Procedure Code.

c) None of the Target Companies is a real estate company (*société à prépondérance immobilière*) within the meaning of Article 726 of the French Tax Code (*Code général des impôts*).

### **Schedule 3.8(w) (GERMANY)**

(a) All tax consolidations (*Organschaften*) and all profit and loss pooling agreements between Target Companies will be accepted for all Tax purposes as declared in the Tax Returns of the Target Companies, unless such non-acceptance is based on (i) activities of the Purchaser or the Target Companies after the Closing Date or (ii) changes in Law after the Closing Date.

(b) None of the Target Companies (i) qualifies as an intermediate company (*Zwischengesellschaft*) according to the German Foreign Tax Act or as a foreign base company (*Basisgesellschaft*), (ii) maintains a permanent establishment which meets the requirements in Section 20 para 2 German Foreign Tax Act (*AStG*), or (iii) is or has been participating in any undertaking as described in clauses (i) or (ii).

(c) The Target Companies have not built up any reserves (*Rücklagen*), e.g. reserves pursuant to Section 6b German Income Tax Act (*EStG*), or similar balance sheet items (e.g. *Sonderposten mit Rücklagenanteil*) at or prior to the Closing Date, which may have to be dissolved with tax effect after the Closing Date.

(d) No tax rated holding or watching periods, including periods mentioned in Section 22 German Reorganization Tax Act (*UmwStG*), having commenced at or prior to the Closing Date are still relevant for any Target Company after the Closing Date.

(e) To the extent that any of the Target Companies has to pay input tax adjustment amounts (*Vorsteuerkorrekturbeträge*) as defined in Section 15a German Value Added Tax Act (*UStG*) to its competent Taxing Authority caused by the change in the circumstances relevant for the input tax deduction prior to or on the Closing Date, Parent shall reimburse Purchaser for the corresponding input tax adjustment amounts.

(f) For actual and contingent Taxes attributable to periods prior to and including the Closing Date, each Target Company has sufficiently provided or accrued for by way of specific provisions or specific liabilities for the relevant financial year in the respective financial statements of the relevant Target Company in accordance with German accounting principles on the basis of the German Commercial Code.

**Schedule 3.8(x) (NETHERLANDS)**

(a) With respect to any Target Company that is incorporated and existing under the Law of the Netherlands:

(i) No such Target Company has ever been a real estate investment company within the meaning of Article 4 of the Netherlands Legal Transfer Act 1970 (*Wet op belastingen van rechtsverkeer 1970*);

(ii) in the current financial year and the previous five (5) financial years, no claim for an exemption or exemption from Tax in connection with a reorganization or merger has been applied with respect to any such Target Company; and

(iii) any reorganization or merger coming into effect before the Closing Date will not give rise to the assessment or payment of Tax with respect to any such Target Company after the Closing Date.

**Schedule 5.17 (Parameters for Senior Unsecured Delayed Draw Term Loan)**

<b>Facility</b>	The amount of the Loan is equal to the amount of European Intercompany Loans not purchased by the Purchaser pursuant to Section 5.17(c). 1. Tranche A: Up to \$2.0 billion, funded upon the Closing in respect of the European Target Companies. 2. Tranche B: Any amount in excess of \$2.0 billion funded upon the Closing in respect of the European Target Companies, with a dollar cap of \$2.5 billion.
<b>Guarantors</b>	The facility is to be guaranteed by the same entities that guarantee GMF's existing 6.75% Senior Unsecured Notes due in 2018.
<b>Tenor</b>	1. Tranche A: The earlier of (1) the occurrence of any Termination in Section 9.1 of this Agreement or (2) the later of, the closing date of (a) the MCC Target Companies (excluding De Minimis Target Companies) or (b) Brazilian Target Companies or (3) 364 days from the funding date. 2. Tranche B: 364 days after Tranche A due date.
<b>Indicative Funded Pricing (as of November 21, 2012)</b>	1. Tranche A: L + 300 bps. 2. Tranche B: L + 375 bps.
<b>Optional Prepayments</b>	Pre-payable anytime.
<b>Change of Control</b>	Identical to the Change of Control provisions in GMF's 6.75% Senior Unsecured Notes due in 2018.
<b>Syndication</b>	Ally may syndicate up to 50% of any future commitment.
<b>Covenants and Other Terms (unless specified here)</b>	Usual and customary for transactions of this type.
<b>Other Fees</b>	To be determined based on market conditions at the time of the commitment.

**Schedule 6.2(d) (Brazilian Withholding Tax Calculations)**

1. Banco GMAC S.A.
2. GMAC - Prestadora de Serviços de Mão-de-Obra Ltda.

SC1:3335029.3

**Share Transfer Agreement**

by and between

**Ally Financial Inc.**

(as “Seller”)

and

**General Motors Financial Company, Inc.**

(as “Purchaser”)

in

respect of a transfer of registered capital of

**GMAC-SAIC Automotive Finance Company Limited**

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## Table of Contents

<b>Article</b>	<b>Heading</b>
Article 1	Definitions and Interpretation
Article 2	Transfer of Registered Capital
Article 3	Purchase Price and Completion
Article 4	Conditions Precedent
Article 5	Representations and Warranties in respect of the Seller and the Purchaser
Article 6	Obligation of Secrecy
Article 7	Further Covenants
Article 8	Effectiveness and Termination of the Agreement
Article 9	Breach of Representations, Warranties or Covenants and Indemnifications
Article 10	Governing Law
Article 11	Settlement of Disputes
Article 12	Miscellaneous
Schedule A	Reference Closing Statement

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## Share Transfer Agreement

entered into on November 21, 2012 by and between:

**Ally Financial Inc.** (formerly known as GMAC LLC), a corporation organized and existing under the laws of the State of Delaware, United States of America, with its principal executive offices located at 1209 Orange Street, Wilmington, Delaware 19801, USA; and

• hereinafter referred to as the “Seller”

**General Motors Financial Company, Inc.**, a corporation duly organized and existing under the laws of the State of Texas, United States of America, with its principal executive offices located at 801 Cherry Street, Suite 3500, Fort Worth, Texas 76102, USA.

□ hereinafter referred to as the “Purchaser”

The Seller and the Purchaser may be hereinafter referred to collectively as the “Parties” or individually as a “Party”.

### Preamble

**Whereas**, GMAC-SAIC Automotive Finance Company Limited (the “Company”) is a Sino-foreign equity joint venture enterprise duly organized and validly existing under the laws of the People's Republic of China (“PRC”), with its legal address at Fortune Plaza, Building F, 160 Pu Ming Road, Pudong, Shanghai, 200120, China;

**Whereas**, the Seller owns a 40% equity interest in the Company; and

**Whereas**, in accordance with the terms and subject to the conditions of this Share Transfer Agreement (this “Agreement”), the Purchaser wishes to acquire from the Seller and the Seller wishes to transfer to the Purchaser, all the equity interest in the Company owned by the Seller.

**Accordingly**, in consideration of the mutual covenants and premises contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

### Article 1 Definitions and Interpretation

1.1 Unless the terms or context of this Agreement otherwise provide, the following terms shall have the meanings as set out below:

2006 Agreement shall mean the Purchase and Sale Agreement by and among General Motors Corporation, General Motors Acceptance Corporation, GM Finance Co. Holdings Inc. and FIM Holdings LLC, dated as of April 2, 2006, and all agreements, undertakings or other written instruments entered into in connection therewith or with respect thereto, including the letter agreement, dated as of March 13, 2007, by and among GMAC LLC, GM Finance Co. Holdings Inc. and FIM Holdings LLC and the November 5, 2008 e-mail from Purchaser's Executive Director - Tax Counsel to the Seller's Director of Tax Operations and Analysis regarding the income tax effects of non-income tax refunds.

Action shall mean any civil, criminal or administrative action, suit, demand, claim (including any counterclaim), case, litigation, mediation, arbitration, opposition, objection, cancellation, inquiry, hearing, dispute, internal or external investigation or other proceeding.

Adjustment Amount shall mean an amount (which may be negative) equal to (i) the Final Net Asset Value minus (ii) the Estimated Net Asset Value.

Affiliate shall mean, with respect to any specified Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such specified Person; provided that (i) neither of the U.S. Department of the Treasury nor any Person under common Control with the Seller (other than the Seller's Controlled Affiliates) as a result of the ownership of equity interests in the Seller by the U.S. Department of the Treasury shall constitute an Affiliate of the Seller, and (ii) neither of the U.S. Department of the Treasury nor any Person under common Control with the Purchaser (other than the Purchaser's Controlled Affiliates and the General Motors Company) as a result of the ownership of equity interests in the General Motors Company by the U.S. Department of the Treasury shall constitute an Affiliate of the Purchaser.

Anti-trust Clearance shall mean the approval or conditional approval of the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC that may be required for the Parties to complete the Transaction.

Approval Authorities shall mean any Government Authority whose approval will be required in order to complete the Transaction.

Business Day shall mean any day of the year, other than Saturday and Sunday, on which banking institutions in China, the City of London and the City of New York are generally open to the public for conducting business and are not required or authorized to close.

CBRC Approval shall mean the approval of the Transaction to be granted by the China Banking Regulatory Commission.



Company Material Adverse Effect shall mean any change, effect, event or occurrence that, either individually or in the aggregate with any other change, effect, event or occurrence, (i) has or is reasonably likely to have a material and adverse effect on the business, operations, assets, liabilities, condition (financial or otherwise) or the results of operations of the Company, or (ii) would be reasonably likely to prevent or materially impair the ability of the Seller or any of its Affiliates to perform their respective obligations under the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner; provided that, in the case of clause (i) only, none of the following (or the results thereof), either alone or in combination with any other changes, effects, events or occurrences, shall constitute or contribute to a Company Material Adverse Effect: (a) any change in applicable accounting principles or any adoption, proposal, implementation or change in Law (including any Law in respect of Taxes) or any interpretation thereof by any Government Authority; (b) any change in global, national or regional political conditions (including protests, strikes, riots, acts of terrorism or war) or in general global, national or regional economic, business, regulatory, political or market conditions or in national or global financial or capital markets (including any such conditions or markets in the United States or the PRC); (c) any change generally affecting the industries or market sectors in the geographic regions in which the Company operates; (d) any change resulting from or arising out of hurricanes, earthquakes, floods, or other natural disasters; (e) the negotiation, execution, announcement or performance of the Transaction Documents or consummation of the transactions contemplated thereby; (f) the failure of the Company to meet any internal or public projections, forecasts or estimates of performance, revenues or earnings (it being understood that the facts and circumstances contributing to such failure may constitute or contribute to a Company Material Adverse Effect); (g) any actions (or the effects of any action) taken (or omitted to be taken) upon the written request or instruction of, or with the written consent of, the Purchaser, consistent with the terms hereof, to consummate the transactions contemplated hereby; (h) any action (or the effects of any action) taken (or omitted to be taken) by the Company as required pursuant to this Agreement or (i) any change, effect, event or circumstance primarily caused by, occurring at, affecting or relating to the Purchaser or any of its Affiliates (including any bankruptcy, work stoppage or other adverse change at the Purchaser or any of its Affiliates); except in the cases of clauses (a), (b) and (c) to the extent such change (or any results thereof) has a disproportionate effect on the Company compared with other Persons operating in the industries and jurisdictions in which the Company operates.

Completion shall mean completion of the sale and purchase of the Transferred Shares in accordance with Article 3.3.

Completion Date shall mean the date of Completion under this Agreement.

Completion Payment shall mean an amount equal to the sum of (i) an amount equal to 40% of the Estimated Net Asset Value plus (ii) \$415,000,000.

Completion Statement shall mean the unaudited balance sheet of the Company as of the close of business on the day immediately preceding the Completion Date, prepared in accordance with U.S. generally accepted accounting principles, including a calculation of the Net Asset Value of the Company as of the close of business on the day immediately preceding the Completion Date.

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Conditions Precedent shall mean the conditions precedent set forth in Article 4.1.

Control shall mean, with respect to any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. The terms Controlling and Controlled shall have meanings correlative to the foregoing.

Constituent Documents shall mean, with respect to any corporation, its charter or articles of incorporation or association and by-laws; with respect to any partnership, its certificate of partnership and partnership agreement; with respect to any limited liability company, its certificate of formation and limited liability company or operating agreement; with respect to each other person or entity, its comparable constitutional instruments or documents (and, in each case, such similar instruments or documents as applicable under a relevant jurisdiction).

Criminal Liability shall mean any liability, fine, censure or other sanction resulting from the violation of any criminal Law, other than immaterial violations that have not and could not result in (a) any financial liability that is material to the Company, or (b) incarceration of any director or employee of the Company.

Effective Date shall mean the date on which this Agreement becomes valid and effective in accordance with Article 8.

Encumbrance shall mean any mortgage, deed of trust, easement, pledge, hypothecation, assignment, security interest, restriction, option, equity interest, preference, participation interest (including but not limited to any right of first refusal or right of last refusal), claim, lien, or other encumbrance; provided, however, that for the purposes of this Agreement, no Encumbrance shall be deemed to be created by this Agreement, the New JV Contract or the New Articles of Association.

Equity Interest shall mean, with respect to any Person, any share of capital stock of, or any general, limited or other partnership interest, membership interest or similar ownership interest in, such Person.

Estimated Closing Statement shall mean a statement setting forth the unaudited balance sheet of the Company as of the close of business on the last day of the month ended two months immediately prior to the month in which the Completion occurs, prepared in accordance with U.S. generally accepted accounting principles and using the same methodology used to prepare the Reference Closing Statement, including the Seller's good faith calculation of the Estimated Net Asset Value.

Estimated Net Asset Value shall mean a calculation of the Net Asset Value of the Company as of the close of business on the last day of the month ended two months immediately prior to the month in which the Completion occurs, as set forth on the Estimated Closing Statement.

Final Net Asset Value shall mean the Net Asset Value of the Company as of the close of business on the day immediately preceding the Completion Date as shown on the Completion Statement.

Government Authority shall mean any foreign or domestic, federal, state, provincial, county, city or local legislative, administrative or regulatory authority, agency, court, tribunal, body or other governmental or quasi-governmental entity with competent jurisdiction, including any supranational body and any self-regulatory authority or organization.

Government Order shall mean any order, writ, judgment, injunction, approval, decree, declaration, stipulation, determination, agreement or award entered by or with any Government Authority.

Key Person shall mean Frederick Livingood.

Knowledge shall mean with respect to the Seller, the actual knowledge after reasonable inquiry of any of the following individuals: Mark Bole and Michael Kanarios.

Law shall mean any law, statute, ordinance, rule, regulation, code, order, judgment, injunction, decree, directive, policy, guideline, ruling, approval or other requirement or rule of law enacted, issued, promulgated, enforced or entered by a Government Authority.

Liabilities means any/or all (as applicable from the context) debt, liability or obligation of any kind whatsoever, whether known or unknown, asserted or unasserted, determined or determinable, absolute or contingent, liquidated or unliquidated, accrued or unaccrued and whether due or to become due.

MOFCOM Approval shall mean the approval of the Transaction to be granted by the Ministry of Commerce of China.

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Net Asset Value shall mean the aggregate amount (in U.S. Dollars) of the assets and property of the Company (which, for the avoidance of doubt, shall not include any asset attributable to a right to receive refunds in respect of Taxes or VAT to which Purchaser or any of its Affiliates is entitled pursuant to the 2006 Agreement) minus the aggregate amount of the Liabilities of the Company, in each case that are required to be set forth on a balance sheet of the Company prepared in accordance with U.S. generally accepted accounting principles. Notwithstanding the foregoing, Net Asset Value shall not give effect to purchase accounting or any other adjustments relating to the sale of the Transferred Shares contemplated by this Agreement or the conduct following Completion of the business operated by the Company.

New Articles of Association shall mean (a) the amended and restated Articles of Association of the Company, or (b) the Original Articles of Association as amended by an amendment thereto, reflecting the change in ownership of the Transferred Shares as contemplated by this Agreement and other changes as may be agreed among the Purchaser and the Ongoing Members.

New JV Contract shall mean (a) the amended and restated joint venture contract of the Company, or (b) the Original JV Contract as amended by an amendment thereto, reflecting the change in ownership of the Transferred Shares as contemplated by this Agreement and other changes as may be agreed among the Purchaser and the Ongoing Members.

Ongoing Members shall mean Shanghai Automotive Group Finance Company Ltd., a company duly organized and validly existing under the laws of China with its legal address located at 1199 Kang Ding Road, Shanghai, and Shanghai General Motors Corporation Limited, a company duly organized and validly existing under the laws of China with its legal address located at 1500 Shen Jiang Road, Pudong, Shanghai.

Original Articles of Association shall mean the Articles of Association of the Company executed by the Seller and the Ongoing Members and approved by the Approval Authority, dated May 30, 2008.

Original JV Contract shall mean the Amended and Restated Joint Venture Contract, dated May 30, 2008, between the Seller, Shanghai Automotive Group Finance Company Ltd and Shanghai General Motors Corporation Limited.

Outside Date shall mean July 1, 2014 (or such later date as the Seller and the Purchaser may agree in writing).

Permits shall mean licenses, permits, certificates, notifications, registrations and other authorizations and approvals that are issued by or obtained from any Government Authority.

Person shall mean any individual, bank, corporation, general or limited partnership, joint venture, association, limited liability company, business trust, branch, unincorporated organization or similar organization, whether domestic or foreign, or any Government Authority.

Purchaser Material Adverse Effect shall mean, as of any particular date, any change, effect, event or occurrence that, individually or when considered in the aggregate with any other change, effect, event or occurrence, would be reasonably likely to materially and adversely impair the ability of the Purchaser or any of the Purchaser's Affiliates to perform its respective obligations under any of the Transaction Documents or to consummate the transactions contemplated thereby in a timely manner.

Purchaser Fundamental Representations means Article 5.2(a) (*Incorporation and Standing*), Article 5.2(b) (*Power and Authority*), Article 5.2(c) (*Binding Effect*) and Article 5.2(e) (*Solvency*).

Reference Closing Statement shall mean the statement attached as Schedule A.

Registration Authority shall mean the State Administration of Industry and Commerce or its authorised local authority.

Representatives shall mean, with respect to any Person, such Person's Affiliates, directors, managers, officers, employees, legal or financial advisors, agents or other representatives, or anyone acting on behalf of them or such Person.

Requisite Approvals shall mean any approval/clearance to be obtained by an Approval Authority in accordance with the provisions hereof.

Revised Approval Certificate shall mean the revised approval certificate of the Company to be issued by the Approval Authority evidencing the approval of the transfer of Transferred Shares contemplated by this Agreement.

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Revised Business License shall mean the revised business license of the Company to be issued by the Registration Authority, evidencing registration of the transfer of Transferred Shares contemplated by this Agreement.

Seller Fundamental Representations means Article 5.1(a) (*Incorporation and Standing*), Article 5.1(b) (*Power and Authority*), Article 5.1(c) (*Binding Effect*) and Article 5.1(g) (*Good Title*).

Tax or Taxes shall mean any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including all net income (including foreign investment enterprise income tax and individual income withholding tax), sales, use, transfer, turnover (including value-added tax, business tax, and consumption tax), resource, special purpose, documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty), and estimated taxes, charges, fees, levies, or other assessments levied by any Government Authority of any kind whatsoever and any interest, penalties or additions in connection therewith.

Transaction shall mean the transfer of the Transferred Shares by the Seller to the Purchaser to be completed in accordance with the provisions hereof, and the effecting of the New JV Contract and the New Articles of Association.

Transaction Documents shall mean this Agreement, the New JV Contract and the New Articles of Association and any other documents entered into by the Parties in relation to the Transaction.

- 1.2 Articles and headings are inserted for the purpose of convenience and reference only and shall not affect the interpretation or construction of this Agreement. Words denoting the singular shall, where applicable, include plural and vice versa. Reference to the masculine gender shall, where applicable, include the feminine gender and vice versa. Except as otherwise indicated, all references in this Agreement to “Articles” or “Schedule A” are intended to refer to Articles of, or Schedule A to, this Agreement.

## **Article 2 Transfer of Registered Capital**

- 2.1 The Seller hereby sells and transfers to the Purchaser, and the Purchaser hereby purchases and acquires from the Seller, the entire equity interest in the Company owned by the Seller, which represents 40% of the registered capital of the Company (“Transferred Shares”), in exchange for the Purchase Price.
- 2.2 Unless otherwise prescribed under PRC Law, all obligations (other than those which the Seller may actually or potentially have under Article 19.3 of the Original JV Contract) and rights in respect of the Transferred Shares, including but not limited to profits and dividends accruing after the Completion Date, shall pass from the Seller to the Purchaser immediately, free of any Encumbrances, upon full payment of the Completion Payment being made pursuant to Article 3.
- 2.3 Upon the Effective Date, the Seller shall no longer be the shareholder of the Company. The Company will continue to be a Sino-foreign equity joint venture with the Purchaser holding 40% of the registered capital thereof.
- 2.4 Upon the Effective Date, the Original JV Contract and the Original Articles of Association shall be terminated and replaced by the New JV Contract and the New Articles of Association respectively. It is hereby agreed by both Parties that the Original JV Contract and the Original Articles of Association shall be deemed to be terminated automatically as of the Effective Date, and the terms and conditions of the Original JV Contract and the Original Articles of Association shall cease to be binding on the Seller (except to the extent provided under Article 19.3 of the Original JV Contract).

## **Article 3 Purchase Price and Completion**

- 3.1 The aggregate purchase price for the Transferred Shares (the “Purchase Price”) shall be an amount equal to (i) the Completion Payment, plus (ii) the Adjustment Amount. The Purchase Price shall be payable and subject to adjustment as provided herein.
- 3.2 The Completion Payment shall be paid by the Purchaser to the Seller upon Completion.
- 3.3 Completion shall take place on the first Business Day of the calendar month following the satisfaction or waiver of the Conditions Precedent, at the offices of King & Wood Mallesons, 17th Floor, One ICC, Shanghai ICC, 999 Huai Hai Road
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(M), Shanghai 200031, P.R. China at 10:00 a.m., Shanghai time, on the Completion Date (or on any other date, time or place as may be agreed in writing by the Seller and the Purchaser).

On the Completion Date, the Purchaser shall transfer an amount equal to the Completion Payment in full without any right to set off to such bank account as the Seller may notify the Purchaser in writing not later than five Business Days prior to Completion and provide to the Seller the document evidencing the payment has been remitted.

- 3.4 No later than seven Business Days prior to the Completion Date, the Seller shall deliver to the Purchaser the Estimated Closing Statement. The Purchaser shall have an opportunity to review the Estimated Closing Statement and shall be provided reasonable access to the books, records and other relevant information of the Seller and its Representatives to the extent reasonably necessary to review such Estimated Closing Statement.
- 3.5 (a) As soon as reasonably practicable, but in no event later than 60 days following the Completion Date, the Purchaser shall prepare and deliver to the Seller the Completion Statement. During the 60-day period immediately following the Seller's receipt of the Completion Statement (the "Review Period"), the Seller and its Representatives shall be provided reasonable access, to the extent the Purchaser has the contractual or legal ability to provide such access, to the books, records and other relevant information of the Company, the Purchaser and its Representatives to the extent reasonably necessary to review such Completion Statement; provided that prior to obtaining such access, the Seller shall have executed a non-disclosure agreement on reasonable and customary terms. During the Review Period, the Purchaser shall make reasonably available personnel of the Purchaser and its Affiliates (including the Company) directly responsible for and knowledgeable about the information used in, and the preparation of, such Completion Statement in order to respond to reasonable inquiries made by the Seller and its Representatives. On or prior to the last day of the Review Period, the Seller may object to the Completion Statement relating to such Review Period by delivering to the Purchaser a written statement setting forth the basis for the Seller's objections thereto (the "Statement of Objections"). If the Seller fails to deliver such Statement of Objections within the Review Period, the Completion Statement shall be deemed to have been accepted by the Seller and shall be used in calculating the Adjustment Amount. If the Seller delivers such Statement of Objections within the Review Period, the Parties shall negotiate in good faith to resolve such objections, and, if the same are so resolved, the Completion Statement with such changes that may have been previously agreed in writing by the Parties shall be final and binding and shall be used in calculating the Adjustment Amount. If, within 30 days after the expiry of the Review Period, the Parties shall fail to reach an agreement with respect to any of the matters set forth in the Statement of Objections, then such unresolved matters shall be submitted for resolution to Deloitte and Touche LLP (or such other registered public accounting firm of international reputation which is mutually acceptable to the Seller and the Purchaser) (the "Accounting Expert"). The Accounting Expert shall, limiting its review to matters properly included in the Statement of Objections and acting as an expert and not as an arbitrator, resolve the disputes set forth in the Statement of Objections and make any corresponding adjustments to the Completion Statement. Subject to, and to the extent permitted by, any applicable Laws, the Parties shall each make readily available, to the extent the Parties have the contractual or legal ability to make available, to the Accounting Expert all relevant books, records and other information relating to the Company. Each Party shall concurrently provide the other Party with copies of all such materials and information provided by such Party to the Accounting Expert. The Parties shall jointly instruct the Accounting Expert to make a determination in accordance with U.S. generally accepted accounting principles as soon as practicable within 30 days (or such other time as the Parties shall agree in writing) after its engagement and to select, with respect to each item in dispute, an amount between or equal to the Purchaser's position on the Completion Statement and the Seller's position in the Estimated Closing Statement. The Accounting Expert's resolution of the disputes set forth in the applicable Statement of Objections and the Completion Statement, with any such adjustments made by the Accounting Expert, shall be final and binding and shall be used in determining the Adjustment Amount, absent manifest error. The fees of the Accounting Expert shall be divided between the Purchaser, on the one hand, and the Seller, on the other hand, in proportion to the aggregate dollar amount unsuccessfully disputed by such Party in connection with the Completion, divided by the aggregate Dollar amount of items submitted to the Accounting Expert in connection with the Completion.
- (b) Within five Business Days of the later of (1) the Seller's acceptance of a Completion Statement or (2) the resolution of all the Seller's objections to a Completion Statement, to the extent that the Estimated Net Asset Value is not equal to the Final Net Asset Value:
- (i) if the Estimated Net Asset Value is greater than the Final Net Asset Value, the Seller shall pay promptly to the Purchaser an amount equal to the absolute value of the Adjustment Amount, by wire transfer of immediately available funds to one or more accounts designated by the Purchaser; and
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(ii) if the Estimated Net Asset Value is less than the Final Net Asset Value, the Purchaser shall pay promptly to the Seller an amount equal to the absolute value of the Adjustment Amount, by wire transfer of immediately available funds to the account set forth in Article 3.3 or such other accounts as may be designated by the Seller.

(c) The Parties agree that any such payment pursuant to this Article 3.5 shall be treated as an adjustment to the Purchase Price for tax purposes.

3.6 If the Purchaser fails to make any payment when due hereunder, without prejudice to any other rights or remedies of the Seller, including, without limitation, damages, the Seller shall have the right to seek specific performance of the Purchaser's obligation to make such payment hereunder.

#### **Article 4** **Conditions Precedent**

4.1 (A) The obligation of the Seller to consummate the transfer of the Transferred Shares as contemplated by this Agreement is subject to the fulfillment of each of the conditions set forth in paragraphs (a) through (e), (h) and (i) below, and (B) the obligation of the Purchaser to consummate the transfer of the Transferred Shares as contemplated by this Agreement is subject to the fulfillment of each of the conditions set forth in paragraphs (a) through (g) and (j) below:

- (a) the Board of Directors of the Company having passed a unanimous resolution approving the transfer of the Transferred Shares contemplated hereunder, the New JV Contract and the New Articles of Association;
  - (b) the New JV Contract and the New Articles of Association having been executed by all parties thereto;
  - (c) the Company having obtained the MOFCOM Approval, the Anti-trust Clearance (if required), the CBRC Approval and all other Requisite Approvals from the relevant Approval Authorities approving this Agreement, the transfer of the Transferred Shares, the New JV Contract and the New Articles of Association; provided that such approvals shall not alter the terms of this Agreement, the New JV Contract and the New Articles of Association in any way that relates to the material rights and obligations of a Party;
  - (d) the Company having obtained the Revised Business License reflecting the Purchaser as the new shareholder of the Company;
  - (e) the Company having obtained such waivers and consents signed by the Ongoing Members as the Purchaser may reasonably request to enable the Purchaser to be registered as holder of the Transferred Shares;
  - (f) each of the representations and warranties of the Seller contained in Article 5 shall be true and correct as of the date hereof and as of the Completion Date as though made at and as of the Completion Date, except (i) for such representations and warranties that are made only as of a specific date, which shall be true and correct as of such date, and (ii) where the failures of such representations and warranties to be true and correct have not had and would not have a Company Material Adverse Effect (disregarding for purposes of this clause (ii) any limitations as to materiality or Company Material Adverse Effect set forth in such representations and warranties); provided that the Seller Fundamental Representations shall be true and correct in all material respects as written as of the date hereof and as of the Completion Date;
  - (g) the covenants and agreements of the Seller set forth in this Agreement to be performed at or prior to the Completion shall have been duly performed in all material respects;
  - (h) each of the representations and warranties of the Purchaser contained in Article 5 shall be true and correct as of the date hereof and as of the Completion Date as though made at and as of the Completion Date except (i) for such representations and warranties that are made only as of a specific date, which shall be true and correct as of such date, and (ii) where the failures of such representations and warranties to be true and correct have not had and would not have Purchaser Material Adverse Effect (disregarding for purposes of this clause (ii) any limitations as to materiality or Purchaser Material Adverse Effect set forth in such representations and warranties); provided that the Purchaser Fundamental Representations shall be true and correct in all material respects as written as of the date hereof and as of the Completion Date;
  - (i) the covenants and agreements of the Purchaser set forth in this Agreement to be performed at or prior to the Completion shall have been duly performed in all material respects; and
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- (j) the Seller shall have completed the Tax filing and settled the Taxes for the capital gain Taxes imposed on the Seller in respect of the Purchase Price set forth in this Agreement, and the Seller shall have received the certificate issued by the PRC tax authority as a proof of the completion of such obligations and delivered a copy of such certificate to Purchaser.
- 4.2 Notwithstanding Article 4.1, to the extent permitted by applicable Law, (a) the Seller may at any time unilaterally waive in whole or in part and conditionally or unconditionally any of the Conditions Precedent set forth in Article 4.1(h) and (i) by notice in writing to the Purchaser, and (b) the Purchaser may at any time unilaterally waive in whole or in part and conditionally or unconditionally any of the Conditions Precedent set forth in Article 4.1(f), (g) and (j) by notice in writing to the Seller.
- 4.3 The Seller shall use all commercially reasonable efforts to cause the satisfaction of each of the Conditions Precedent (other than Article 4.1(b), (h) and (i)), and the obtaining of all consents and approvals reasonably necessary or appropriate in connection with the Transaction (including but not limited to those mentioned in Article 4.1). The Purchaser shall use all commercially reasonable efforts to (1) cause the satisfaction of each of the Conditions Precedent in Article 4.1(b), (h) and (i) and (2) cooperate with the Seller and the Company and execute documents and perform acts as requested by the Approval Authorities in relation to Article 4.1(c) and (d).
- 4.4 The Seller shall, as promptly as practicable upon becoming aware thereof, give notice to the Purchaser of the obtaining or effecting of the relevant Requisite Approvals by the Approval Authorities.
- 4.5 The Parties agree that all requests and enquiries from any Approval Authority with respect to any Requisite Approval and/or transfer registration shall be addressed by the Parties in consultation with each other, and the Parties shall promptly cooperate with and provide all necessary information and assistance reasonably required by any Approval Authority upon being requested to do so by the other Party; provided that nothing herein shall obligate either Party or its Affiliates to breach any confidentiality obligations owed to any Person.

In the event that any Approval Authority (i) refuses to grant its approval, or (ii) requests that substantive amendments or supplements be made to this Agreement, the New JV Contract or the New Articles of Association that are material and adverse to any Party or (iii) imposes additional obligations on the Seller, the Purchaser or their respective Affiliates that are material and adverse to such Persons, either Party may, after seeking opinion from the other Party, reasonably determine whether to withdraw the application for such approval and terminate this Agreement in accordance with its terms, or amend this Agreement and/or the applicable document in a mutually agreeable manner as between the parties hereto and thereto in which case such amended agreement or other document shall be re-submitted to such Approval Authority for approval as soon as practicable.

In the event that any Approval Authority requests that non-substantive amendments or supplements be made to this Agreement which would not adversely impact any of the Parties' or their respective Affiliates' interests under this Agreement and/or any other documents submitted, the Parties shall negotiate in good faith any such necessary amendments to this Agreement and re-submit this Agreement to such Approval Authority for approval as soon as practicable.

- 4.6 Neither the Purchaser nor the Seller may rely on the failure of any condition set forth in Article 4.1 if such failure resulted from such Party's failure to comply with any provision of this Agreement.
- 4.7 The Seller shall cause its directors appointed to the board of the Company to adopt a resolution approving the transfer of the Transferred Shares contemplated hereunder.

#### **Article 5** **Representations and Warranties in respect of the Seller and the Purchaser**

- 5.1. The Seller hereby represents and warrants to the Purchaser that, as of the date hereof and as of the Effective Date and the Completion Date:
    - a) Incorporation and Standing. The Seller is duly incorporated, validly existing and in good standing under its laws of incorporation;
    - b) Power and Authority. The Seller has the requisite power and authority to duly and validly conclude this Agreement and perform its duties and obligations hereunder;
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- c) Binding Effect. Subject to Article 8.1, this Agreement is a valid and effective agreement, and constitutes the Seller's binding and enforceable obligations in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- d) No Conflicts; Consents. None of the execution of this Agreement by the Seller, the performance of its obligations hereunder or the transfer of the Transferred Shares provided herein does or will:
- (i) conflict with or violate any of its Constituent Documents;
  - (ii) violate or result in the breach of any permit or authorization granted by any Government Authority to it, in each case, except as would not, individually or in the aggregate, be reasonably likely to be (A) material to the Company or (B) result in any Criminal Liability;
  - (iii) constitute a violation of any Laws, except as would not, individually or in the aggregate, be reasonably likely to be (A) material to the Company or (B) result in any Criminal Liability; or
  - (iv) require any authorizations and filings of any Government Authority or any consents or approvals from any other Person that is not a Government Authority, except in connection, or in compliance, with the Laws of the PRC relating to the Transferred Shares;
- e) Solvency.
- (i) No petition has been presented or order made and no meeting convened or resolution passed for the winding up or administration of the Seller or for a liquidator or bankruptcy administrator to be appointed in respect of the Seller;
  - (ii) No distress, execution or other process has been levied on any of the assets of the Seller and no liquidator or bankruptcy administrator has been appointed and there is no reason to believe that such a person might be appointed;
  - (iii) The Seller is not insolvent, or unable to pay its debts as they fall due, and has not stopped paying its debts as they fall due; and
  - (iv) No event analogous to any of the foregoing has occurred in respect of the Seller in or outside the PRC;
- f) No Action or Government Orders. There are no Actions pending, or to the Seller's Knowledge, threatened, against the Seller relating to this Agreement or the Transaction. There are no outstanding Government Orders which are binding on it that would prevent, hinder or delay any part of the Transaction;
- g) Good Title. The Seller has good and marketable title to the Transferred Shares, and the Transferred Shares are free and clear of any Encumbrance (other than Encumbrances arising under applicable securities laws); and
- h) Financial Information. To the Knowledge of the Seller:
- (i) Subject to such exceptions and qualifications as may be reflected in such financial information, the unaudited financial statements as of and for the years ended December 31, 2010 and 2011 and the nine-month period ended September 30, 2012 of the Company (collectively, the "Company Financial Information") were prepared in accordance with PRC generally accepted accounting principles consistently applied and present fairly, in all material respects, the financial position and results of operations and cash flows of the Company for the periods and as of the dates indicated therein.
  - (ii) Except (A) as set forth in the Company Financial Information, (B) for Liabilities incurred by the Company since September 30, 2012 in the ordinary course of the Company's business, consistent with past practice, and (C) for Liabilities that are not material to the Company, there are no Liabilities of the Company.
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- 5.2. The Purchaser hereby represents and warrants to the Seller that, as of the date hereof and as of the Effective Date and the Completion Date:
- a) Incorporation and Standing. The Purchaser is duly incorporated, validly existing and in good standing under its laws of incorporation;
  - b) Power and Authority. The Purchaser has the requisite power and authority to duly and validly conclude this Agreement and perform its duties and obligations hereunder;
  - c) Binding Obligations. Subject to Article 8.1, this Agreement is a valid and effective agreement, and constitutes the Purchaser's binding and enforceable obligations in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles;
  - d) No Conflict; Consents. None of the execution of this Agreement by the Purchaser, the performance of its obligations hereunder or the consummation of the transfer of the Transferred Shares provided herein does or will:
    - (i) conflict with or violate any of its Constituent Documents;
    - (ii) violate or result in the breach of any permit or authorization granted by any Government Authority to it, other than immaterial violations or breaches of any such permit or authorization;
    - (iii) constitute a violation of any Laws, other than immaterial violations of any such Laws; or
    - (iv) require any authorizations and filings of any Government Authority or any consents or approvals from any other Person that is not a Government Authority, except in connection, or in compliance, with the Laws of the PRC relating to the Transferred Shares;
  - e) Solvency.
    - (i) No petition has been presented or order made and no meeting convened or resolution passed for the winding up or administration of the Purchaser or for a liquidator or bankruptcy administrator to be appointed in respect of the Purchaser;
    - (ii) No distress, execution or other process has been levied on any of the assets of the Purchaser and no liquidator or bankruptcy administrator has been appointed and there is no reason to believe that such a person might be appointed;
    - (iii) The Purchaser is not insolvent, or unable to pay its debts as they fall due, and has not stopped paying its debts as they fall due;
    - (iv) No event analogous to any of the foregoing has occurred in respect of the Purchaser in or outside the PRC; and
    - (v) The Purchaser will have sufficient immediately available funds prior to or upon Completion to pay the Purchase Price in accordance with Article 3.3; and
  - f) No Action or Government Orders. There are no Actions pending or, to the Purchaser's knowledge, threatened, against the Purchaser relating to this Agreement or the Transaction. There are no outstanding Government Orders which are binding on it that would prevent, hinder or delay any part of the Transaction.

**Article 6**  
**Obligation of Secrecy**

- 6.1 The Seller and the Purchaser shall undertake to keep confidential all information in whatever form, whether technical or commercial, of a confidential nature pertaining to the business of the Company and/or of any of the Parties (hereinafter "Confidential Information"), and to only use such Confidential Information to the extent necessary for the due performance of this Agreement.
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- 6.2 For the purpose of this Agreement, “Confidential Information” shall mean the information referred to in Article 6.1 but shall not include any document, material or other information that:
- (a) was lawfully in the possession of the receiving Party prior to its disclosure by the disclosing Party;
  - (b) is or becomes generally known to the public (other than by breach of this Agreement or any other obligation of confidentiality owed between any of the Parties);
  - (c) is or becomes available to the relevant Party other than as a result of a disclosure by a Person bound by an obligation of confidentiality to the other Party; or
  - (d) is independently developed by the relevant Party without reference to the Confidential Information.
- 6.3 Articles 6.1 and 6.2 shall not prohibit disclosure of any information if and to the extent that:
- (a) the disclosure of such information is required by Laws or required or requested by any securities exchange or Government Authority having jurisdiction over it; provided that the Party required to disclose shall provide prior notification of such impending disclosure to the other Party and use all reasonable efforts to preserve the confidentiality of the Confidential Information in complying with such required disclosure, including but not limited to obtaining a protective order to the extent reasonably possible;
  - (b) the disclosure is made to the Affiliates of the Purchaser, the Company or the Seller, or to the officers, employees, agents and professional and other advisers (or any of them) of the Purchaser, the Company, the Seller or the Affiliates of the Purchaser, the Company or the Seller, where such Person has a business-related need to have access to the Confidential Information provided that such person undertakes to comply with the provisions hereof in respect of such information as if such person were a party to this Agreement and the Purchaser, the Company or the Seller (as the case may be) shall be liable for any breach of this Article 6 by such Person; or
  - (c) the other Party has given its prior written approval to the disclosure.
- 6.4 Unless required by any Government Authority, Laws or the rules of any securities exchange, no press release or public announcement regarding the Transaction shall be made by any of the Parties without the prior written consent of the other Party. The Parties shall consult with each other prior to consenting to or making any required press releases or public announcements in accordance with any Government Authority or pursuant to any Laws or rules of any securities exchange with respect to the Transaction.
- 6.5 The obligation of secrecy set out in this Article 6 shall survive any termination of this Agreement for a period of three (3) years and remain in force accordingly.

#### **Article 7 Further Covenants**

- 7.1 Except as otherwise contemplated in this Agreement, from the date of this Agreement until Completion or the termination of this Agreement pursuant to Article 8 (whichever is earlier):
- (a) Each Party shall notify the other Party as soon as practicable after it becomes aware of any fact or circumstance which constitutes or which would or might constitute a breach of any of its representations or warranties in Article 5 or which would or might cause a representation or warranty given by it under Article 5 to be untrue, inaccurate or misleading if given in respect of the facts or circumstances as at the latter date.
  - (b) The Seller shall not sell, transfer, dispose of or create any Encumbrance over any Transferred Shares or rights in respect thereof, or, to the extent that it has the contractual or legal ability to do so, not admit or agree to admit any new shareholder in respect to the Company.
  - (c) The Seller shall use its commercially reasonable efforts to maintain its or its Affiliate's employment relationship with the Key Person and the Key Person's secondment to the Company and shall not cause the Key Person to leave his employment with the Seller except for cause (and only after notice to, and consultation with, the Purchaser);
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provided, however, that Seller shall not be deemed to be in breach of this covenant in the case where the Key Person voluntarily and without any direct or indirect inducement from the Seller or its Affiliates resigns from his employment or the secondment of the Key Person to the Company is terminated by the Company due to reasons not attributed to the Seller.

- (d) The Seller shall ensure, to the extent that it has the contractual or legal ability to do so, that the Board of the Company does not make any distribution (whether in cash, stock, equity rights or property), declare or pay any dividend, effect a reduction of the capital, or enter into any contractual commitment to effect any of the foregoing.

7.2 As soon as practicable following the date hereof, and in the case of clause (a), in any event prior to Completion, the Seller shall procure, to the extent that it has the contractual or legal ability to do so, that the Company:

- (a) complies with any and all of the Company's obligations to provide any notifications or obtain any consents or waivers in respect of the Transaction, the New JV Contract and the New Articles of Association, under any binding agreement, arrangement, commitment, indemnity, lease, license or understanding entered into by the Company; and
- (b) provides all necessary notifications to, and effects all necessary registrations and filings with, all applicable Government Authorities to reflect the current name of the Seller as the shareholder of record of the Company.
- (c) delivers to the Purchaser (i) audited financial statements of the Company as at December 31, 2010, 2011 and 2012 and related statements of income and shareholders' equity for the fiscal years then ended of the Company, prepared in accordance with PRC generally accepted accounting principles, (ii) an audited reconciliation to U.S. generally accepted accounting principles at December 31, 2010, 2011 and 2012 to the extent required pursuant to Rule 3-05 of Regulation S-X and (iii) such other financial statements as may be required in order for the Purchaser to meet its reporting obligations under United States securities Laws (collectively, the "Historical Financial Statements"). The Seller and the Purchaser shall bear all costs and expenses associated with the audit and preparation of the Historical Financial Statements equally, along with the audit report and any comfort letters in connection therewith. The Purchaser and its Affiliates shall cooperate with the Seller and take all such actions as the Seller or its auditor may reasonably request in connection with the preparation of the Historical Financial Statements; and
- (d) provides to the Purchaser reasonable access to the books, records and other relevant information (including any work with respect to the reconciliation of PRC generally accepted accounting principles with U.S. generally accepted accounting principles) of the Company to the extent reasonably necessary to prepare any required financial statements, Tax filings or regulatory filings of the Purchaser.

7.3 Non-Compete.

- (a) During the period beginning on the Completion Date and ending on the third anniversary of the Completion Date (any such period, a "Non-Compete Term"), the Seller and its Controlled Affiliates (the "Restricted Persons") shall not, directly or indirectly, anywhere in China (the "Restricted Territory"), originate or service consumer, wholesale or commercial motor vehicle loans and leases, or directly or indirectly own an interest in, manage, operate, finance or Control any Person that provides any such products or services in the Restricted Territory (collectively, the "Restricted Activity").
  - (b) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or in any way limit:
    - (i) any Person other than the Restricted Persons from conducting any Restricted Activity;
    - (ii) any Restricted Person from performing any act or conducting any business expressly required by this Agreement or any other Transaction Document;
    - (iii) any Restricted Person from acquiring, owning or holding up to 4.99% of the outstanding securities of an entity whose securities are listed and traded on a nationally recognized securities exchange or market, whether or not in the United States of America ( provided that no Restricted Person may otherwise Control the business or affairs of such entity) or holding or exercising rights of ownership with respect to a security in a fiduciary, custodial or agency capacity or otherwise for the benefit of or on behalf of customers or other un-Affiliated beneficiaries;
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- (iv) any Restricted Person from making passive investments for general insurance accounts or investment management activities in the ordinary course of its business;
  - (v) the ownership of, any affiliation with, or the conduct of any other activity with respect to, a Person that conducts, either directly or indirectly, a Restricted Activity (any such Person, together with all of its Affiliates, a "Competing Person") that is the result of (1) a merger, consolidation, share exchange, sale or purchase of assets, scheme of arrangement or similar business combination involving any Restricted Person with any Competing Person or (2) the acquisition of any Competing Person or any Equity Interests in any Competing Person by any Restricted Person, if, in the case of either (1) or (2):
    - (A) no more than 20% of such Competing Person's total consolidated revenues in its most recent fiscal year (excluding any revenues of any Restricted Person) in the Restricted Territory in which it operated in the calendar year prior to such ownership or affiliation change from activities that constitute Restricted Activities; and
    - (B) such Competing Person did not generate total consolidated revenues in its most recent fiscal year (excluding any revenues of such Restricted Person) in China in the calendar year prior to such ownership or affiliation change from activities that constitute Restricted Activities in an amount that would exceed 20% of the aggregate revenue for the year ended December 31, 2012 generated by the Company;
  - (vi) any Restricted Person from acquiring a Competing Person or more than 4.99% of the outstanding Equity Interests in any Competing Person that generated total consolidated revenues in its most recently completed fiscal year prior to such acquisition from activities that constitute Restricted Activities in excess of the thresholds set forth in Article 7.3(b)(v); provided, however, that such Restricted Person shall use its reasonable best efforts to (i) divest, within one year of its acquisition a sufficient portion of such Competing Person necessary to satisfy such thresholds and (ii) after such divestiture has occurred, not exceed such thresholds for the duration of the remaining Non-Compete Term;
  - (vii) (A) any Person not Affiliated with the Seller that acquires the Seller or any of its Affiliates or their respective successors or substantially all of their respective assets or business, or any of such Person's Affiliates or (B) any Person resulting from any merger, consolidation, share exchange, sale or purchase of assets, scheme of arrangement or similar business combination (a "Business Combination") of the Seller or any of its successors with or into any other Person not Affiliated with the Seller, or any of such Person's Affiliates, if (1) the directors of the Seller immediately prior to such transaction do not serve as a majority of the directors of the surviving Person or direct or indirect parent of the surviving Person following such Business Combination, and (2) the equity holders of the Seller or any successor immediately before such Business Combination own, immediately following such transaction no more than 50% of the outstanding capital stock of the surviving Person or the direct or indirect parent of the surviving Person;
  - (viii) any Restricted Person from foreclosing on collateral of or acquiring any of the outstanding Equity Interests in any Person that has outstanding indebtedness to any Restricted Person, or engaging in any activities otherwise prohibited by Article 7.3 in connection with any such Person as a result of the acquisition of such Equity Interests, in connection with a debt previously contracted in a distressed or troubled situation;
  - (ix) any Restricted Person from continuing any businesses or operations in wind-down or liquidation that are not being acquired by the Purchaser pursuant to this Agreement; provided, however, that such Restricted Person shall not conduct any Restricted Activity not already conducted prior to such Closing;
  - (x) any Restricted Person from providing transition or separation services to any Person in connection with the Seller's publicly announced strategy to sell its Mexican insurance operations, its Canadian motor vehicle finance operations and deposit taking operations and the warranty insurance business conducted under the CarCare Plan brand; or
  - (xi) any Restricted Person from undertaking general advertising or marketing campaigns not targeting customers, clients or other third party beneficiaries of the Company.
- (b) Nothing in this Agreement shall require any Restricted Person to terminate any instruments or contracts of or with any customers, clients or other third party beneficiaries in effect as of the date hereof, or prohibit or otherwise limit
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any of them from performing their respective binding obligations in effect as of Completion at which such instruments, contracts or performance first become a Restricted Activity pursuant to this Article 7.3.

- (c) Notwithstanding anything to the contrary contained in this Agreement, the parties acknowledge and agree that (i) no current or future Affiliate of the Seller (or any of such Affiliate's direct or indirect Subsidiaries) shall be subject to any of the restrictions or requirements set forth in this Article 7.3 at any time following the date on which the Seller, directly or indirectly, no longer Controls such Person; and (ii) no current or future Affiliates of the Seller (or any of such Affiliate's direct or indirect Subsidiaries) shall be subject to any of the restrictions or requirements set forth in this Article 7.3 at any time for conducting a Restricted Activity outside of any Restricted Territory for the benefit of customers, clients or other third party beneficiaries who also may reside or otherwise have a presence within a Restricted Territory.
- (d) The Seller acknowledges that the covenants in this Article 7.3 are necessary in order to induce the Purchaser to enter into and consummate the transactions contemplated by this Agreement, are required by the Purchaser in connection with the transactions contemplated by this Agreement, and that the Purchaser would not enter into and consummate the transactions contemplated by this Agreement without the agreement of the Seller to the covenants contained in this Article 7.3. In the event that any of the provisions of this Article 7.3 should ever be finally adjudicated to exceed the time, scope, geographic or other limitations permitted by applicable Law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, scope, geographic or other limitations enforceable under applicable Law.

#### 7.4 Transition Arrangements.

- (a) Subject to applicable Law, between the date of this Agreement and the earlier of Completion and the termination of this Agreement, each Party shall reasonably cooperate with the other Party to assist each other in planning and implementing necessary and appropriate policies, procedures and other arrangements in connection with the termination or transition of any services, technology or other support which the Seller has agreed to provide to the Company under each of the agreements attached to the Original JV Contract.
- (b) The Parties shall use their commercially reasonable efforts to obtain any consents and approvals and make any other notifications that may be required in connection with paragraph (a) above.

#### 7.5 Further Assurances.

- (a) Each Party shall use its commercially reasonable efforts to do and perform, or cause to be done and performed, all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as may be necessary or desirable to assure fully to the Purchaser, all of the Transferred Shares and all rights, title, interest, remedies, powers and privileges in respect thereof and to otherwise give effect to the terms and intent of this Agreement.
- (b) Each Party shall execute and perform its respective obligations under this Agreement in compliance with applicable Laws in all material respects.

### **Article 8 Effectiveness and Termination of the Agreement**

8.1 This Agreement shall come into effect as of the date hereof ( provided that any portion of this Agreement that requires the approval of any Government Authority shall not come into effect until such approval has been obtained) and the transfer of Transferred Shares contemplated under this Agreement shall become effective when the Revised Approval Certificate has been issued.

8.2 This Agreement may be terminated as follows:

- (a) At the election of the Seller or the Purchaser, if all Requisite Approvals shall not have been obtained or effectuated on or prior to the Outside Date, provided that (i) the terminating Party is not in material default of any of its obligations hereunder and (ii) the right to terminate this Agreement pursuant to this Article 8 shall not be available to any Party whose breach of any provision of this Agreement has been the cause of, or resulted, directly or indirectly, in, the failure to obtain or effectuate the Requisite Approvals;
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- (b) By mutual written consent of the Seller and the Purchaser to terminate this Agreement;
- (c) At the election of the Seller, if the Purchaser does not comply with its obligations under Article 3.2;
- (d) At the election of the Seller or the Purchaser, in the event of a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of the other Party, which breach would, individually or in the aggregate, result in, if occurring or continuing on the Completion Date, the failure of any condition to the terminating Party's obligations set forth in Article 7 to be satisfied, and which cannot be or has not been cured within 45 days after the giving of written notice to the breaching Party of such breach (or by the Outside Date, if earlier); provided, however, that the right to terminate this Agreement under this Section 8.2(d) shall not be available to any Party if the would-be terminating Party is then in material breach of its representations, warranties, agreements and covenants hereunder; or
- (f) at the election of the applicable Party pursuant to the second paragraph of Article 4.5.

If the Revised Approval Certificate and/or the Revised Business License has, at the time of such termination, already been obtained, the Parties shall take all necessary steps, as soon as reasonably practicable, to procure the cancellation of Revised Approval Certificate and/or the Revised Business License and the reinstatement of the Seller as the registered owner of the Transferred Shares.

- 8.3 In the event of termination by the Purchaser or the Seller pursuant to Article 8.2, written notice shall be immediately given to the other Party and the transfer of Transferred Shares shall be abandoned, without further actions by the Purchaser or the Seller. In such event, each Party shall be relieved of its duties and obligations as of the date of termination and such termination shall be without liability for either Party, provided that no such termination shall relieve any Party from liability for any breach of this Agreement committed prior to the date of termination.
- 8.4 Except as set forth in Article 8.2, neither Party shall have right to terminate this Agreement.

#### **Article 9 Breach of Representations, Warranties or Covenants and Indemnifications**

- 9.1 Subject to the limitations of liability set out in Article 9.2 and without prejudice to any other rights of the non-breaching Party including, without limitation, the right to terminate this Agreement as set out hereunder, the breaching Party agree to indemnify and hold harmless the non-breaching Party and its Affiliates from and against all losses, liabilities, costs, damages, and all claims of whichever kind and nature, asserted by any third party or Government Authority against or incurred by the non-breaching Party and its Affiliates and resulting from the breach by the breaching Party of any of the breaching Party's representations, warranties, covenants or any other obligation of the breaching Party under this Agreement or in relation to responsibilities and liabilities that according to this Agreement ("Losses") shall remain and/or rest with the breaching Party. In any such case the breaching Party shall put the non-breaching Party and its Affiliates in a position as it would financially be in, if the breaching Party had not breached any of its representations, warranties, covenants or obligations hereunder.
  - 9.2 Limitations.
    - (a) The representations, warranties, covenants and obligations of the Parties contained in this Agreement shall survive in full force and effect until 5:00 p.m. Shanghai time on the date that is 540 days after the Completion Date, at which time they shall terminate (and no claims shall be made for indemnification under Article 9.1 thereafter), except:
      - (i) the Seller Fundamental Representations and Purchaser Fundamental Representations shall survive until 5:00 p.m. Shanghai time on the date that is the later of (i) 60 days after the expiration of any applicable statute of limitations and (ii) the tenth anniversary of the Completion Date; and
      - (ii) (a) the covenants and obligations that by their terms apply or to the extent they are to be performed in whole or in part after Completion shall survive for the period provided in such covenants and obligations, or until fully performed and (b) the covenants and obligations that by their terms apply or to the extent that they are to be performed in their entirety on or prior to Completion shall survive until 5:00 p.m. Shanghai time on the date that is 270 days after Completion.
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- (b) The maximum aggregate liability of the Seller in respect of (a) a breach of (i) any Seller Fundamental Representation or (ii) any covenant or other obligation contained in this Agreement shall not exceed the Purchase Price, and (b) a breach of any other representation or warranty under this Agreement shall not exceed 15% of the Purchase Price; provided, however, that in respect of clauses (a)(ii) and (b) only, (A) no liability shall attach to the Seller in respect of any claim unless the aggregate amount of Losses suffered by the Purchaser and its Affiliates exceeds US\$125,000 (or the equivalent thereof in other currencies), and (B) the Seller shall only be liable for Losses in excess of 2% of the Purchase Price.
  - (c) Purchaser shall not be entitled to recover from Seller under this Article 9 or under any Transaction Document more than once in respect of the same Loss (notwithstanding that such Loss may result from breaches of multiple provisions of this Agreement).
  - (d) The amount of any Loss for which indemnification is provided under this Article 9 shall be net of any amounts (i) actually recovered by the Purchaser under insurance policies with respect to such Loss, (ii) for which a reserve, provision or accrual is reflected in the Completion Statement, (iii) resulting from any Tax benefit actually realized or (iv) actually recovered by the Company for the benefit of the Purchaser (in an amount proportionate to the Purchaser's equity interest in the Company). If the Seller is liable to pay, or has paid, an amount in discharge of any claim under this Agreement and the Purchaser directly or indirectly recovers or is entitled to recover (whether by payment, discount, credit, relief, insurance or otherwise) from a third party a sum which indemnifies or compensates the Purchaser (in whole or in part) in respect of the Loss which is the subject matter of the claim, then (A) in the case of amounts Seller is liable to pay, the Purchaser shall procure that all commercially reasonable steps are taken to enforce recovery against the third party and any actual recovery (less any reasonable costs and expenses incurred in obtaining such recovery) shall reduce or satisfy, as the case may be, such claim to the extent of such recovery, and (B) in the case of amounts the Seller has paid, pay to the Seller as soon as practicable after receipt an amount equal to (i) any sum recovered from the third party less any reasonable costs and expenses incurred in obtaining such recovery or (ii) if less, the amount previously paid by the Seller to the Purchaser. The Purchaser shall cause that all commercially reasonable steps are taken and all commercially reasonable assistance is given to avoid or mitigate any Losses, which in the absence of mitigation might give rise to or increase a Loss in respect of any claim under this Article 9.
  - (e) Each Party acknowledges and agrees that (a) prior to the Completion, other than in the case of actual fraud by the Seller, the sole and exclusive remedies of the Purchaser for any breach of any of the representations and warranties of the Seller contained in this Agreement shall be, (i) in the event that each of the Conditions Precedent has not been satisfied or waived, refusal to close the Transaction and (ii) the right to terminate this Agreement pursuant to Article 8.2 subject to the terms set forth therein; (b) following the Completion, the indemnification provisions of this Article 9 shall be the sole and exclusive remedies of the Parties for any breach of the representations or warranties contained in this Agreement except in the case of fraud or willful breach and (ii) notwithstanding anything to the contrary contained herein, no breach of any representation, warranty, covenant or obligation contained herein shall give rise to any right on the part of either Party to rescind this Agreement or the Transaction; and (c) following Completion, the indemnification provisions of this Article 9 shall be the sole and exclusive monetary remedies of the Parties for any breach or non-fulfillment of any covenant.
- 9.3 Notwithstanding any provision of this Agreement, neither Party shall be liable for any indirect or consequential damages or punitive liability in connection with any claim under this Agreement.
- 9.4 The Parties agree that irreparable harm would occur if any of the provisions of Article 6 (*Obligation of Secrecy*) and Article 7.3 (*Non-Compete*) were not performed in accordance with the terms thereof or if the Seller fails to effect the Transaction in accordance with the terms of this Agreement, and that the Party which is affected by such failure to perform shall be entitled to seek an injunction or injunctions (or similar remedy(ies)) to prevent breaches of this Agreement to enforce specifically the performance of the terms and provisions hereof in any court or courts having jurisdiction over the Party against whom any injunction (or similar remedy) is being sought.
- 9.5 No information provided to or obtained by the Purchaser after the execution of this Agreement shall limit or otherwise affect the remedies available hereunder to the Purchaser (including Purchaser's right to seek indemnification pursuant to this Article 9), or the representations or warranties of, or the conditions to the obligations of, the Parties.

**Article 10**  
**Governing Law**

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This Agreement shall be governed by and construed in accordance with the Laws of the People's Republic of China.

**Article 11**  
**Settlement of Disputes**

- 11.1 In the event any dispute arises between the Parties out of or in relation to this Agreement, including but not limited to any dispute regarding its breach, termination or validity, the Parties shall attempt in the first instance to resolve such dispute through friendly consultations.
- 11.2 Any dispute arising from, out of or in connection with this Contract shall be settled through friendly consultations between the Parties. Such consultations shall begin immediately after one Party has delivered to the other Party a written request for such consultation. If within ninety (90) days following the date on which such notice is given, the dispute cannot be settled through mutual consultations, the dispute shall be submitted to arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("SIAC Rule") for the time being in force.

There shall be three (3) arbitrators. Each Party shall select one (1) arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. Such selected arbitrators shall select the third arbitrator, who shall be the chairman of the arbitration tribunal. If a Party does not appoint an arbitrator, or if the Party-selected arbitrators fail to select the third arbitrator within thirty (30) days after the selection of the second (2nd) Party-selected arbitrator, the relevant appointment(s) shall be made by the chairman of the Singapore International Arbitration Centre. The language of the arbitration shall be English.

**Article 12**  
**Miscellaneous**

- 12.1 No failure to exercise and delay in exercising any right, power or remedy under this Agreement will be deemed as a waiver. Nor will any single or partial exercise of any right, power or remedy preclude any further exercise of such right, power or remedy. No waiver of any of the provisions of this Agreement will constitute a waiver of any of the rights or remedies of the Party entitled to the benefit of such provisions unless made in writing and executed by such Party.
- 12.2 Should any provision of this Agreement be or become invalid or unenforceable, the validity of the remaining provisions of this Agreement shall not be affected thereby. The Parties shall endeavor to agree on a replacement which is closest to the business intention of the Parties at the time of signing this Agreement.
- 12.3 Each Party shall be responsible for its own taxes, costs and expenses incurred by it in connection with the Transaction and the preparation, negotiation and execution of this Agreement in accordance with Law. For the avoidance of doubt, the Seller shall be responsible for, and the Purchaser shall not withhold on account of, any tax determined by reference to the net gains of the Seller that is imposed as a result of the Transaction.
- 12.4 No amendment or variation of this Agreement shall be effective unless made in writing and signed by and on behalf of each of the Parties and approved by the relevant Approval Authorities.
- 12.5 None of the Parties shall be entitled to assign or transfer any rights and benefits it is entitled to hereunder without the prior written consent of the other Party.
- 12.6 This Agreement constitutes the entire agreement of the Parties and supersedes all prior agreements and undertakings, both written and oral, between the Parties with respect to the subject matter hereof.
- 12.7 (a) Any notice, request, claim, demand or other communication in connection with this Agreement (each, a "Notice") shall be:
- (i) in writing in English; and
  - (ii) delivered by hand, fax, registered mail or by courier using an internationally recognized courier company, or transmitted by email.
- (b) A Notice to any Party shall be sent to such party at the following address, or such other Person or address as such Party may designate by delivery of notice in writing to the other Party.
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(i) If to the Seller, to:

Ally Financial Inc.  
1177 Avenue of the Americas, 15th Floor  
New York, New York 10036  
Attention: Peter Greene  
Facsimile: (877) 263-4044  
Email: Peter.Greene@ally.com

And to:

Ally Financial Inc.  
200 Renaissance Center  
Mail Code: 482-B09-B11  
Detroit, MI 48265-2000  
Attention: William B. Solomon, General Counsel  
Facsimile: (313) 656-6124  
Email: William.B.Solomon@ally.com

With a copy to (which shall not constitute a Notice):

Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004  
Attention: W. Jay Clayton  
C. Andrew Gerlach  
Facsimile: (212) 558-3588  
Email: claytonw@sullcrom.com  
gerlacha@sullcrom.com

With an additional copy to (which shall not constitute a Notice):

King & Wood Mallesons  
17th Floor, One ICC, Shanghai ICC  
999 Huai Hai Road (M)  
Shanghai 200031, P.R. China  
Attention: Mark Schaub  
Facsimile: +86 21 2412 6250  
Email: schaub@cn.kwm.com

(ii) If to Purchaser, to:

General Motors Financial Company, Inc.  
801 Cherry Street, Suite 3500  
Fort Worth, Texas 76102  
Attention: Chief Financial Officer  
Facsimile: (817) 302-7915  
Email: chris.choate@gmfinancial.com

With a copy to (which shall not constitute a Notice):

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
Attention: Frederick S. Green  
Danielle D. Do  
Facsimile: (212) 310-8007  
Email: frederick.green@weil.com

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danielle.do@weil.com

- (c) A Notice shall be effective upon receipt and shall be deemed to have been received:
- (i) at the time of delivery, if delivered by hand, registered post or courier; or
  - (ii) upon confirmation by telephone or electronic correspondence of receipt thereof, if sent by fax or email, excluding, however, any answer or confirmation automatically generated by electronic means (such as out-of-office replies).

12.8 This Agreement is made out in Chinese and English and it is acknowledged by the Parties that both versions are equally authentic. In the event of any inconsistency between the English version and any other language version, the arbitration tribunal if appointed pursuant to Article 11.2 above shall decide which version more accurately reflects the true intention of the Parties.

12.9 This Agreement shall be signed in English and Chinese in eight (8) originals, each party shall hold one original in each language and the others shall be for approval and registration with the relevant Approval Authorities, Registration Authority and any other relevant Government Authority.

*[The rest of this page is intentionally left blank]*

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IN WITNESS WHEREOF, both Parties hereto have caused this Agreement to be executed by their authorized representatives as of date first written above.

**EXECUTED in** \_\_\_\_\_

**SIGNED for and on behalf of Ally  
Financial Inc.**

\_\_\_\_\_  
Name:  
Title:  
Nationality:

**SIGNED for and on behalf of  
General Motors Financial Company, Inc.**

\_\_\_\_\_  
Name:  
Title:  
Nationality:

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Schedule A

Reference Closing Statement

*(Per the agreed Accounting principles stated in millions in \$US)*

as of Sep 2012

**Assets**

Cash, Cash Equivalents and Securities	\$	169
Total Finance Receivables and Loans, Net	\$	6,108
Investment in Operating Leases, Net	\$	—
Other Assets	\$	63

**Total Assets**

**\$ 6,340**

**Liabilities**

Total Debt	\$	5,012
Other Liabilities		439

**Total Liabilities**

**\$ 5,451**

**Equity**

Common Equity (Total Assets less Total Liabilities)		889
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**Net Asset Value**

**\$ 889**

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

(Dollars in millions)

	Successor				Predecessor	
	Years Ended December 31,			July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
	2012	2011	2010			
Income (loss) from continuing operations before income taxes and equity income(a)	\$ (30,257)	\$ 5,985	\$ 5,737	\$ (5,283)	\$ 107,776	\$ (29,471)
Fixed charges included in income (loss) from continuing operations						
Interest and related charges on debt	805	799	1,155	707	5,444	2,659
Portion of rentals deemed to be interest	138	161	171	72	104	264
Interest capitalized in period	117	91	62	26	28	244
Total fixed charges included in income (loss) from continuing operations	1,060	1,051	1,388	805	5,576	3,167
Amortization of capitalized interest	12	7	1	—	46	77
Equity (income) loss of Ally Financial, Inc.	—	—	—	—	(1,380)	6,183
Dividends from nonconsolidated affiliates	1,544	1,350	1,171	422	112	440
Interest capitalized	(117)	(91)	(62)	(26)	(28)	(244)
Earnings (losses) available for fixed charges	\$ (27,758)	\$ 8,302	\$ 8,235	\$ (4,082)	\$ 112,102	\$ (19,848)
Fixed charges included in income (loss) from continuing operations	\$ 1,060	\$ 1,051	\$ 1,388	\$ 805	\$ 5,576	\$ 3,167
Preferred dividends grossed up to a pre-income tax basis	\$ 859	\$ 844	\$ 1,703	\$ 162	\$ —	\$ —
Combined fixed charges and preferred dividends	\$ 1,919	\$ 1,895	\$ 3,091	\$ 967	\$ 5,576	\$ 3,167
Ratios of earnings to fixed charges		7.90	5.93		20.10	
Ratio of earnings to combined fixed charges and preferred stock dividends		4.38	2.66		20.10	

(a) Includes Reorganization gains, net of \$128.2 billion in the period January 1, 2009 through July 9, 2009.

Earnings in the year ended December 31, 2012, the period July 10, 2009 through December 31, 2009 and the year ended December 2008 were inadequate to cover fixed charges. Additional earnings of \$29.7 billion, \$5.0 billion and \$23.0 billion in the year ended December 31, 2012, the period July 10, 2009 through December 31, 2009 and the year ended December 2008 would have been necessary to bring ratios for these periods to 1.0.

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

06 Ormskirk Limited	England and Wales
2140879 Ontario Inc.	Canada
440 Chevrolet Buick GMC Ltee	Ontario
6153933 Canada Ltd.	Ontario
ACAR Leasing Ltd.	Delaware
ACF Investment Corp.	Delaware
Adam Opel AG	Germany
AFS Funding Trust	Delaware
AFS Management Corp.	Nevada
AFS SenSub Corp.	Nevada
Aftermarket (UK) Limited	England
Aftermarket Italia S.r.l. in liquidazione	Italy
AL Mansour Automotive SAE	Egypt
ALBI Trust	Delaware
ALC Leasing Ltd.	Delaware
AmeriCredit Automobile Receivables Trust 2005-C-F	Delaware
AmeriCredit Automobile Receivables Trust 2005-D-A	Delaware
AmeriCredit Automobile Receivables Trust 2007- B-F	Delaware
AmeriCredit Automobile Receivables Trust 2007-1	Delaware
AmeriCredit Automobile Receivables Trust 2007-D-F	Delaware
AmeriCredit Automobile Receivables Trust 2008-1	Delaware
AmeriCredit Automobile Receivables Trust 2008-2	Delaware
AmeriCredit Automobile Receivables Trust 2009-1	Delaware
AmeriCredit Automobile Receivables Trust 2010-1	Delaware
AmeriCredit Automobile Receivables Trust 2010-2	Delaware
AmeriCredit Automobile Receivables Trust 2010-3	Delaware
AmeriCredit Automobile Receivables Trust 2010-4	Delaware
AmeriCredit Automobile Receivables Trust 2010-A	Delaware
AmeriCredit Automobile Receivables Trust 2010-B	Delaware
Americredit Automobile Receivables Trust 2011-1	Delaware
AmeriCredit Automobile Receivables Trust 2011-2	Delaware
AmeriCredit Automobile Receivables Trust 2011-3	Delaware
AmeriCredit Automobile Receivables Trust 2011-4	Delaware
AmeriCredit Automobile Receivables Trust 2011-5	Delaware
AmeriCredit Automobile Receivables Trust 2012-1	Delaware
AmeriCredit Automobile Receivables Trust 2012-2	Delaware
AmeriCredit Automobile Receivables Trust 2012-3	Delaware
AmeriCredit Automobile Receivables Trust 2012-5	Delaware
AmeriCredit Automotible Receivables Trust 2012-4	Delaware
AmeriCredit Canada Receivables Funding Trust	Ontario
AmeriCredit Consumer Discount Company	Pennsylvania
AmeriCredit Consumer Loan Company, Inc.	Nevada

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

AmeriCredit Financial Services, Inc.	Delaware
AmeriCredit Funding Corp. XI	Delaware
AmeriCredit Management Trust	Delaware
AmeriCredit MTN Receivables Trust V	Delaware
AmeriCredit Prime Automobile Receivables Trust 2009-1	Delaware
AmeriCredit Syndicated Warehouse Trust	Delaware
Andiamo Riverfront, LLC	Michigan
Annunciata Corporation	Delaware
Antelope Valley Chevrolet, Inc.	Delaware
APGO Trust	Delaware
Approach (UK) Limited	England and Wales
Argonaut Holdings LLC	Delaware
ATK Automotive Technology Kaiserslautern GmbH	Germany
Atlantic Automobiles SAS	France
Auto Fornebu AS	Norway
Auto Lease Finance Corporation	Cayman Islands
Autohaus G.V.O. GmbH	Germany
Autovision (Scotland) Limited	Scotland
Autozentrum West Köln GmbH	Germany
Aviation Spectrum Resources Holdings, Incorporated	Delaware
Baker (Crewe) Limited	England and Wales
Ballards of Watford Limited	England and Wales
Bay View 2005 LJ-1 Owner Trust	Delaware
Bay View 2005 LJ-2 Owner Trust	Delaware
Bay View Deposit Corporation	Delaware
Baylis (Gloucester) Limited	England and Wales
Beerens O.C. NV	Belgium
Berse Road (No. 1) Limited	England
Berse Road (No. 2) Limited	England
Betula Cars S.L.	Spain
Bicknell (Malvern) Limited	England and Wales
BilCirkeln Malmö AB	Sweden
Bioformix, Inc.	Delaware
Blackdown Motor Company Limited	England and Wales
BOCO (Proprietary) Limited	South Africa
Boco Trust	South Africa
Brandish Limited	England and Wales
Bridge Motors (Banbury) Limited	England and Wales
Britain Chevrolet, Inc.	Delaware
Buick Pontiac GMC of Moosic, Inc.	Delaware
Carve-Out Ownership Cooperative LLC	Delaware
Caterpillar Logistics SCS	Italy

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

Caterpillar Logistics Supply Chain Services GmbH	Germany
Charles Hurst Motors Limited	Northern Ireland
Chevrolet Austria GmbH	Austria
Chevrolet Belgium NV	Belgium
Chevrolet Central and Eastern Europe	Hungary
Chevrolet Deutschland GmbH	Germany
Chevrolet Espana, S.A.	Spain
Chevrolet Euro Parts Center B.V.	Netherlands
Chevrolet Europe GmbH	Switzerland
Chevrolet Finland Oy	Finland
Chevrolet France	France
Chevrolet Italia S.p.A.	Italy
Chevrolet Nederland B.V.	Netherlands
Chevrolet of Novato, Inc.	Delaware
Chevrolet Poland Sp. z o.o.	Poland
Chevrolet Portugal, Lda.	Portugal
Chevrolet Sales (Thailand) Limited	Thailand
Chevrolet Sales India Private Ltd.	India
Chevrolet Sociedad Anonima de Ahorro para Fines Determinados	Argentina
Chevrolet Suisse S.A.	Switzerland
Chevrolet Sverige AB	Sweden
Chevrolet Türkiye Otomotive Limited Sirketi	Turkey
Chevrolet UK Limited Ltd	England
CHEVYPLAN S.A. Sociedad Administradora de Planes de Autofinanciamiento Comercial	Colombia
Controladora General Motors, S.A. de C.V.	Mexico
Coskata, Inc.	Delaware
Courtesy Buick-GMC, Inc.	Delaware
Crash Avoidance Metrics Partnerships	Michigan
Crown Motors (Dagenham) Limited	England and Wales
Daniels Chevrolet, Inc.	Delaware
DCJ1 LLC	Delaware
Dealership Liquidations, Inc.	Delaware
Delphi Energy and Engine Management Systems UK Overseas Corporation	Delaware
Detroit Investment Fund, L.P.	Delaware
Dinuba Auto Center, Inc.	Delaware
Diso Madrid S.l.r.	Spain
DMAX, Ltd.	Ohio
Dobies (Carlisle) Limited	England and Wales
Doraville Bond Corporation	Delaware
Drive Motor Properties LLP	England and Wales
Drive Motor Retail Limited	England and Wales
Eden (GM) Limited	England and Wales



**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

Elasto S.A.	Ecuador
Envia Systems, Inc.	Delaware
Espace 328 SARL	France
F G Barnes (Maidstone) Limited	England and Wales
Fabrica Nacional de Autobuses Fanabus, S.A.	Venezuela
FAW-GM Light Duty Commercial Vehicle Co., Ltd.	China
Fiducie Carrefour 440	Ontario
FinanciaLinx Corporation	Quebec
Fox Valley Buick-GMC, Inc.	Delaware
General International Insurance Services Limited	Bermuda
General International Limited	Bermuda
General Motors (China) Investment Company Limited	China
General Motors (Hong Kong) Company Limited	Hong Kong
General Motors (Thailand) Limited	Thailand
General Motors - Colmotores S.A.	Colombia
General Motors Africa and Middle East FZE	United Arab Emirates
General Motors Asia Pacific (Pte) Ltd.	Singapore
General Motors Asia Pacific Holdings, LLC	Delaware
General Motors Asia, Inc.	Delaware
General Motors Asset Management Corporation	Delaware
General Motors Australia Ltd.	Australia
General Motors Austria GmbH	Austria
General Motors Auto LLC	Russian Federation
General Motors Automobiles Philippines, Inc.	Philippines
General Motors Automotive Holdings, S.L.	Spain
General Motors Belgium N.V.	Belgium
General Motors Chile Industria Automotriz Limitada	Chile
General Motors China, Inc.	Delaware
General Motors CIS, LLC	Russian Federation
General Motors Company	Delaware
General Motors Coordination Center BVBA	Belgium
General Motors Daewoo Auto and Technology CIS LLC	Russian Federation
General Motors de Argentina S.r.l.	Argentina
General Motors de Mexico, S. de R.L. de C.V.	Mexico
General Motors del Ecuador S.A.	Ecuador
General Motors Diesel Hybrid Center S.r.l.	Italy
General Motors do Brasil Ltda.	Brazil
General Motors East Africa Limited	Kenya
General Motors Egypt, S.A.E.	Egypt
General Motors Espana, S.L.U.	Spain
General Motors Europe Holdings, S.L.U.	Spain
General Motors Europe Limited	England and Wales

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

General Motors Financial Company, Inc.	Texas
General Motors Financial of Canada Ltd.	Ontario
General Motors Finland Oy	Finland
General Motors Foundation, Inc.	Michigan
General Motors France	France
General Motors Global Service Operations, Inc.	Delaware
General Motors Hellas S.A.	Greece
General Motors Holdings LLC	Delaware
General Motors India Private Limited	India
General Motors International Holdings, Inc.	Delaware
General Motors International Services Company SAS	Colombia
General Motors Investment Management Corporation	Delaware
General Motors Investments Pty. Ltd.	Australia
General Motors Ireland	Ireland
General Motors Israel Ltd.	Israel
General Motors Italia S.r.l.	Italy
General Motors Japan Limited	Japan
General Motors Limited	England
General Motors LLC	Delaware
General Motors Manufacturing Poland Sp. z o.o.	Poland
General Motors Nederland B.V.	Netherlands
General Motors New Zealand Pensions Limited	New Zealand
General Motors of Canada Limited (active)	Canada
General Motors Overseas Commercial Vehicle Corporation	Delaware
General Motors Overseas Corporation	Delaware
General Motors Overseas Distribution LLC	Delaware
General Motors Peru S.A.	Peru
General Motors Poland Spolka, z o. o.	Poland
General Motors Portugal Lda.	Portugal
General Motors Powertrain (Thailand) Limited	Thailand
General Motors Powertrain - Europe S.r.l.	Italy
General Motors Powertrain - Uzbekistan CJSC	Uzbekistan
General Motors Research Corporation	Delaware
General Motors South Africa (Pty) Limited	South Africa
General Motors Southeast Asia Operations Limited	Thailand
General Motors Strasbourg	France
General Motors Suisse S.A.	Switzerland
General Motors Taiwan Ltd.	Taiwan, Province of China
General Motors Technical Centre India Private Limited	India
General Motors Thailand Investments, LLC	Delaware
General Motors Treasury Center, LLC	Delaware

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**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

General Motors Türkiye Limited Sirketi	Turkey
General Motors UK Limited	England
General Motors Uruguay, S.A.	Uruguay
General Motors Uzbekistan Closed Joint Stock Company	Uzbekistan
General Motors Venezolana, C.A.	Venezuela
General Motors Ventures LLC	Delaware
General Motors Warehousing and Trading (Shanghai) Co. Ltd.	China
General Motors-Holden's Sales Pty. Limited	Australia
Genie Mecanique Zairois, S.A.R.L.	Congo, The Democratic Republic
Global Human Body Models Consortium, LLC	Michigan
Global Tooling Service Company Europe Limited	England and Wales
GM - Isuzu Camiones Andinos de Colombia Ltda.	Colombia
GM - ISUZU Camiones Andinos del Ecuador GMICA Ecuador Cia. Ltda.	Ecuador
GM Administradora de Bens Ltda.	Brazil
GM APO Holdings, LLC	Delaware
GM Auslandsprojekte GmbH	Germany
GM Auto World Korea Co.	Korea, Republic of
GM Automotive Services Belgium NV	Belgium
GM Automotive UK	England
GM Components Holdings, LLC	Delaware
GM Daewoo UK Limited	England
GM Eurometals, Inc.	Delaware
GM Europe Treasury Company AB	Sweden
GM Finance Co. Holdings LLC	Delaware
GM Financial Automobile Receivables Trust 2012-PP1	Delaware
GM Financial Canada Leasing Ltd.	Ontario
GM GEFS HOLDINGS (CHC4) ULC	Nova Scotia
GM Global Purchasing and Supply Chain Romania Srl	Romania
GM Global Technology Operations LLC	Delaware
GM Global Tooling Company LLC	Delaware
GM Holden Ltd.	Australia
GM Holdings U.K. No.1 Limited	England and Wales
GM Holdings U.K. No.3 Limited	England and Wales
GM International Sales Ltd.	Cayman Islands
GM Inversiones Santiago Limitada	Chile
GM Korea Co., Ltd.	Korea, Republic of
GM Korea Company	Korea, Republic of
GM LAAM Holdings, LLC	Delaware
GM Nigeria Limited	Nigeria
GM Personnel Services, Inc.	Delaware
GM Plats (Proprietary) Limited	South Africa

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

GM Purchasing Vauxhall UK Limited	England
GM Subsystems Manufacturing, LLC	Delaware
GM Supplier Receivables LLC	Delaware
GM Viet Nam Motor Company Ltd.	Viet Nam
GM Warranty LLC	Delaware
GM-AVTOVAZ CJSC	Russian Federation
GM-DI Leasing LLC	Delaware
GM-UMI Technology Research and Development Ltd.	Israel
GMAC de Venezuela, C.A.	Venezuela
GMAC Holding S.A. de C.V.	Mexico
GMF Europe Holdco Limited	United Kingdom
GMF Europe LLP	England and Wales
GMF International LLC	Delaware
GMF Leasing LLC	Delaware
GMF Leasing Warehousing Trust	Delaware
GPSC UK Limited	England and Wales
Grand Pointe Holdings, Inc.	Michigan
Grand Pointe Park Condominium Association	Michigan
H.S.H. Limited	England and Wales
Haines & Strange Limited	England and Wales
Hicom-Chevrolet, Sdn Bhd	Malaysia
HOLDCORP S.A.	Ecuador
Holden New Zealand Limited	New Zealand
HRL Laboratories, LLC	Delaware
Hydrogenics Corporation	Ontario
Hérouville Motors SARL	France
IBC Vehicles Limited	England
Industries Mecaniques Maghrebines, S.A.	Tunisia
Infinite Velocity Automotive, Inc.	Delaware
Integrity Automotive Group, Inc.	Delaware
ISF Internationale Schule Frankfurt-Rhein-Main Geschäftsführungsgesellschaft mbH	Germany
ISF Internationale Schule Frankfurt-Rhein-Main GmbH & Co. KG	Germany
ISPOL Holding B.V.	Netherlands
Isuzu Motors Polska Sp. z o.o.	Poland
Isuzu Truck South Africa (Pty.) Limited (ITSA)	South Africa
IUE-GM National Joint Skill Development and Training Committee	Ohio
Jeffery (Wandsworth) Limited	England and Wales
JS Folsom Automotive, Inc.	Delaware
Koneyren, Inc.	Michigan
Lakeside Chevrolet Buick GMC Ltd.	Ontario
Las Cruces Automotive Group, Inc.	Delaware
LCV Platform Engineering Corp.	Japan

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

Lease Ownership Cooperative LLC	Delaware
Lidlington Engineering Company, Ltd.	Delaware
Limited Liability Company "JV Systems"	Russian Federation
Lookers Birmingham Limited	England and Wales
MAC International FZCO	United Arab Emirates
Mack Buick-GMC, Inc.	Delaware
MacLeods of Perth Limited	Scotland
MalibuIQ	Delaware
Marshall of Ipswich Limited	England and Wales
Marshall of Peterborough Limited	England and Wales
Marshall of Stevenage Ltd	England and Wales
Merced Chevrolet, Inc.	Delaware
Millbrook Pension Management Limited	England
Millbrook Proving Ground Limited	England
Monetization of Carve-Out, LLC	Delaware
Moran Cadillac - GMC, Inc.	Delaware
Moran Chevrolet, Inc.	Delaware
Motor Repris Automoció S.L.	Spain
Motorbodies Luton Limited	England and Wales
Motors Holding LLC	Delaware
Motors Properties (Trading) Limited	England and Wales
Motors Properties Limited	England and Wales
Multi-Use Lease Entity Trust	Delaware
Murketts of Cambridge Limited	England and Wales
North American New Cars, Inc.	Delaware
Now Motor Retailing Limited	England and Wales
OEConnection LLC	Delaware
OEConnection Manager Corp.	Delaware
Omnibus BB Transportes, S. A.	Ecuador
OnStar de Mexico	Mexico
OnStar Global Services Corporation	Delaware
OnStar Middle East FZ-LLC	United Arab Emirates
OnStar, LLC	Delaware
Opel Australia Pty Ltd	Australia
Opel Danmark A/S	Denmark
Opel Eisenach GmbH	Germany
Opel Norge AS	Norway
Opel Southeast Europe LLC	Hungary
Opel Special Vehicles GmbH	Germany
Opel Sverige AB	Sweden
Opel Szentgotthard Automotive Manufacturing Ltd	Hungary
Opel Wien GmbH	Austria

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**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

P. T. Mesin Isuzu Indonesia	Indonesia
P.T. G M AutoWorld Indonesia	Indonesia
P.T. General Motors Indonesia	Indonesia
Pan Asia Technical Automotive Center Company, Ltd.	China
Pearl (Crawley) Limited	England and Wales
Performance Equity Management, LLC	Delaware
Peter Vardy (Perth) Limited	Scotland
PIMS Co.	Delaware
Plan Automotor Ecuatoriano S.A. Planautomotor	Ecuador
Powermat Technologies Ltd.	Israel
Princeton Chevrolet, Inc.	Delaware
Promark Global Advisors Limited	England
ProSTEP AG	Germany
Proterra Inc	Delaware
PT. General Motors Indonesia Manufacturing	Indonesia
Quantum Fuel Systems Technologies Worldwide, Inc.	Delaware
Randstad WorkNet GmbH	Germany
Reeve (Derby) Limited	England and Wales
Reg Vardy (VMC) Limited	England and Wales
RelayRides, Inc.	Delaware
Renaissance Center Management Company	Michigan
Renton Cadillac Pontiac GMC, Inc.	Delaware
Riverfront Holdings III, Inc.	Delaware
Riverfront Holdings Phase II, Inc.	Delaware
Riverfront Holdings, Inc.	Delaware
Ruedas de Aluminio, C.A.	Venezuela
Rumble (Bedworth) Limited	England and Wales
S.C. UNION MOTORS CAR SALES S.L.R.	Romania
Saab Automobile AB	Sweden
SAIC General Motors Investment Limited	China
SAIC General Motors Sales Company Limited	China
SAIC GM Wuling Automobile Company Limited	China
Sakti3, Inc.	Delaware
Salmon Street Ltd.	Australia
Sarmiento 1113 S.A. (en liquidacion)	Argentina
Saturn County Bond Corporation	Delaware
SB (Helston) Limited	England and Wales
SDC Materials, Inc.	Delaware
Seward (Wessex) Limited	England and Wales
Shanghai Chengxin Used Car Operation and Management Company Limited	China
Shanghai General Motors Corporation Ltd.	China
Shanghai GM (Shenyang) Norsom Motors Co. Ltd..	China

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

**State or  
Sovereign Power  
Company Name of Incorporation**

Shanghai GM Dong Yue Motors Company Limited	China
Shanghai GM Dong Yue Powertrain Company Limited	China
Shanghai OnStar Telematics Co. Ltd.	China
Sherwoods (Darlington) Limited	England and Wales
Simpson Garden Grove, Inc.	Delaware
Sirius XM Canada Inc.	Canada
Sistemas de Compra Programada Chevrolet, C.A.	Venezuela
Skurrays Limited	England
Slaters (GM) Limited	England and Wales
Smokey Point Buick Pontiac GMC, Inc.	Delaware
Southern (Merthyr) Limited	England and Wales
Stam-Terberg Autobedrijven B. V.	Netherlands
Sterling Motor Properties Limited	England and Wales
Superior Chevrolet, Inc.	Delaware
Tactus Technology, Inc.	Delaware
The NanoSteel Company, Inc.	Delaware
Thurlow Nunn (JV) Limited	England and Wales
Tustain Motors Limited	England and Wales
TÜV NORD Bildung Opel GmbH	Germany
Union Motors Car Sales S.r.l.	Romania
United States Advanced Battery Consortium, LLC	Michigan
United States Automotive Materials Partnership, LLC	Michigan
United States Council for Automotive Research LLC	Michigan
Universal Motors Israel Ltd.	Israel
Valentine Buick GMC, Inc.	Delaware
Vauxhall Motors Limited	England
Vehicle Asset Universal Leasing Trust	Delaware
Vertu Motors (Chingford) Limited	England and Wales
Vertu Motors (VMC) Limited	England and Wales
VHC Sub-Holdings (UK)	England
Vickers (Lakeside) Limited	England and Wales
Vision Motors Limited	England and Wales
Visole Energy, Inc.	Delaware
VM Motori S.p.A.	Italy
VM North America, Inc.	Delaware
VMO Properties Limited	England and Wales
VRP Venture Capital Rheinland-Pfalz Nr. 2 GmbH & Co. KG	Germany
W. Grose Northampton Limited	England and Wales
Welcome S.R.L.	Italy
Wheatcroft (Worksop) Limited	England and Wales
Whitehead (Rochdale) Limited	England and Wales
Whitmore's of Edenbridge Limited	England and Wales

**GENERAL MOTORS COMPANY  
AND SUBSIDIARIES, JOINT VENTURES, AND AFFILIATES  
OF THE REGISTRANT  
AS OF DECEMBER 31, 2012**

State or  
Sovereign Power  
Company Name of Incorporation

Wilson & Co. (Motor Sales) Limited	England and Wales
Wind Point Partners III, L.P.	Delaware
Woodbridge Buick GMC, Inc.	Delaware
WRE, Inc.	Michigan
Zona Franca Industrial Colmotores SAS	Colombia

Total - 424



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-175068 on Form S-8 of our report dated February 15, 2013 relating to the consolidated financial statements of General Motors Company and subsidiaries (the Company) (which report expresses an unqualified opinion and includes explanatory paragraphs relating to the adoption of amendments to accounting standards) and our report dated February 15, 2013 relating to the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of General Motors Company for the year ended December 31, 2012.

/S/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Detroit, Michigan

February 15, 2013

**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Nick S. Cyprus, James C. Jordan and Anne T. Larin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

SEC Report(s) on

Covering

Form 10-K

Year Ended December 31, 2012

and any or all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or my substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ DANIEL F. AKERSON

Daniel F. Akerson

January 15, 2013

Date

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**POWER OF ATTORNEY**

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ DAVID BONDERMAN

David Bonderman

January 15, 2013

Date

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/s/ ERROLL B. DAVIS, JR.

Erroll B. Davis, Jr.

January 15, 2013

Date

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/s/ STEPHEN J. GIRSKY

Stephen J. Girsky

January 15, 2013

Date

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/s/ E. NEVILLE ISDELL

E. Neville Isdell

January 15, 2013

Date

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ ROBERT D. KREBS

Robert D. Krebs

January 15, 2013

Date

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ PHILIP A. LASKAWY

Philip A. Laskawy

January 15, 2013

Date

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/s/ KATHRYN V. MARINELLO

Kathryn V. Marinello

January 15, 2013

Date

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ JAMES J. MULVA

James J. Mulva

January 15, 2013

Date

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ PATRICIA F. RUSSO

Patricia F. Russo

January 15, 2013

Date

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ THOMAS M. SCHOEWE

Thomas M. Schoewe

January 15, 2013

Date

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ THEODORE M. SOLSO

Theodore M. Solso

January 15, 2013

Date

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ CAROL M. STEPHENSON

Carol M. Stephenson

January 15, 2013

Date

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**POWER OF ATTORNEY**

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ DR. CYNTHIA A. TELLES

Dr. Cynthia A. Telles

January 15, 2013

Date

CERTIFICATION

I, Daniel F. Akerson, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Motors Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DANIEL F. AKERSON  
Daniel F. Akerson  
Chairman and Chief Executive Officer

Date: February 15, 2013



CERTIFICATION

I, Daniel Ammann, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Motors Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DANIEL AMMANN

Daniel Ammann

Senior Vice President and Chief Financial Officer

Date: February 15, 2013

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of General Motors Company (the "Company") on Form 10-K for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel F. Akerson, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DANIEL F. AKERSON  
Daniel F. Akerson  
Chairman and Chief Executive Officer

Date: February 15, 2013

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of General Motors Company (the "Company") on Form 10-K for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Ammann, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DANIEL AMMANN

Daniel Ammann

Senior Vice President and Chief Financial Officer

Date: February 15, 2013

EXECUTIVE PRIVILEGES AND COMPENSATION CERTIFICATE

Exhibit 99.1

February 15, 2013

This certificate is delivered pursuant to Section 111 of the Emergency Economic Stabilization ACT of 2008 (“EESA”), as amended by the American Recovery and Reinvestment Act of 2009 (“ARRA”).

The undersigned hereby certify, to the best of their knowledge in their capacities as Principal Executive Officer and Principal Financial Officer of General Motors Holdings LLC, and not in their individual capacities, as follows:

- (i) The compensation committee of General Motors Company has discussed, reviewed, and evaluated with the senior risk officer at least every six months during the period beginning on January 1, 2012 and ending with December 31, 2012, senior executive officer (SEO) compensation plans and employee compensation plans and the risks these plans pose to General Motors Holdings LLC;
- (ii) The compensation committee of General Motors Company has identified and limited during the period beginning on January 1, 2012 and ending with December 31, 2012 any features of the SEO compensation plans that could lead SEOs to take unnecessary and excessive risks that could threaten the value of General Motors Holdings LLC and has identified any features of the employee compensation plans that pose risks to General Motors Holdings LLC and has limited those features to ensure that General Motors Holdings LLC is not unnecessarily exposed to risks;
- (iii) The compensation committee has reviewed at least every six months during the period beginning on January 1, 2012 and ending with December 31, 2012 the terms of each employee compensation plan and identified any features of the plan that could encourage the manipulation of reported earnings of General Motors Holdings LLC to enhance the compensation of an employee and has limited any such features;
- (iv) The compensation committee of General Motors Company will certify to the reviews of the SEO compensation plans and employee compensation plans required under (i) and (iii) above;
- (v) The compensation committee of General Motors Company will provide a narrative description of how it limited during any part of the most recently completed fiscal year that was a TARP period the features in
  - (A) SEO compensation plans that could lead SEOs to take unnecessary and excessive risks that could threaten the value of General Motors Holdings LLC;
  - (B) Employee compensation plans that unnecessarily expose General Motors Holdings LLC to risks; and
  - (C) Employee compensation plans that could encourage the manipulation of reported earnings of General Motors Holdings LLC to enhance the compensation of an employee;

- (vi) General Motors Holdings LLC has required that bonus payments to CEOs or any of the next twenty most highly compensated employees, as defined in the regulations and guidance established under section 111 of EESA (bonus payments), be subject to a recovery or "clawback" provision during any part of the most recently completed fiscal year that was a TARP period if the bonus payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;
- (vii) General Motors Holdings LLC has prohibited any golden parachute payment, as defined in the regulations and guidance established under section 111 of EESA, to a CEO or any of the next five most highly compensated employees during the period beginning on January 1, 2012 and ending with December 31, 2012;
- (viii) General Motors Holdings LLC has limited bonus payments to its applicable employees in accordance with section 111 of EESA and the regulations and guidance established thereunder during the period beginning on January 1, 2012 and ending with December 31, 2012 and has received or is in the process of receiving approvals from the Office of the Special Master for TARP Executive Compensation for compensation payments and structures as required under the regulations and guidance established under section 111 of EESA, and has not made any payments inconsistent with those approved payments and structures;
- (ix) General Motors Holdings LLC and its employees have complied with the excessive or luxury expenditures policy, as defined in the regulations and guidance established under section 111 of EESA, during the period beginning on January 1, 2012 and ending with December 31, 2012; and any expenses that, pursuant to the policy, required approval of the board of directors, a committee of the board of directors, an CEO, or an executive officer with a similar level of responsibility, were properly approved;
- (x) General Motors Company will permit a non-binding shareholder resolution in compliance with any applicable Federal securities rules and regulations on the disclosures provided under the Federal securities laws related to CEO compensation paid or accrued during any part of the most recently completed fiscal year that was a TARP period;
- (xi) General Motors Holdings LLC will disclose the amount, nature, and justification for the offering, during the period beginning on January 1, 2012 and ending with December 31, 2012, of any perquisites, as defined in the regulations and guidance established under section 111 of EESA, whose total value exceeds \$25,000 for any employee who is subject to the bonus payment limitations identified in paragraph (viii);
- (xii) General Motors Holdings LLC, either directly or through the Executive Privileges and Compensation Compliance Certificate provided by the Executive Compensation Committee, will disclose whether General Motors Holdings LLC, the board of directors of General Motors Company, or the compensation committee of General Motors Company has engaged during the period beginning on January 1, 2012 and ending with December 31, 2012 a compensation consultant; and the services the compensation consultant or any affiliate of the compensation consultant provided during this period;

- (xiii) General Motors Holdings LLC has prohibited the payment of any gross-ups, as defined in the regulations and guidance established under section 111 of EESA, to the SEOs and the next twenty most highly compensated employees during the period beginning on January 1, 2012 and ending with December 31, 2012;
- (xiv) General Motors Holdings LLC has substantially complied with all other requirements related to employee compensation that are provided in the agreement between General Motors Holdings LLC and Treasury, including any amendments;
- (xv) General Motors Holdings LLC has submitted to Treasury a complete and accurate list of the SEOs and the twenty next most highly compensated employees for the current fiscal year, with the non-SEOs ranked in descending order of level of annual compensation, and with the name, title, and employer of each SEO and most highly compensated employee identified; and
- (xvi) I understand that a knowing and willful false or fraudulent statement made in connection with this certification may be punished by fine, imprisonment, or both.

The foregoing certification is made and delivered in our capacities described above for and on behalf of General Motors Holdings LLC as of the date first written above.

GENERAL MOTORS HOLDINGS LLC

By: /s/ DANIEL F. AKEERSON

Daniel F. Akerson  
Principal Executive Officer

By: /s/ DANIEL AMMANN

Daniel Ammann  
Principal Financial Officer

