General Motors Co
Form 8-K
November 16, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549-1004

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) November 16, 2009

GENERAL MOTORS COMPANY

(Exact Name of Company as Specified in its Charter)

333-160471	**DELAWARE**	**27-0383222**
(Commission File Number)	**(State or other jurisdiction**	**(I.R.S. Employer**

of incorporation)	**Identification No.)**

300 Renaissance Center, Detroit, Michigan	**48265-3000**
(Address of Principal Executive Offices)	**(Zip Code)**

(313) 556-5000

(Company s telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the company under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17-CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT

ITEM 5.02. COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

ITEM 8.01. OTHER EVENTS

General Motors Company was formed by the United States Department of the Treasury (UST) 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 the assets of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Current Report on Form 8-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 Current Report on Form 8-K, for the periods on or before July 9, 2009, as Old GM. On July 10, 2009, following the 363 Sale General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this Current Report on Form 8-K, for the periods after July 10, 2009, as Motors Liquidation or MLC.

We are filing this Current Report on Form 8-K to include the following information:

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

We are a private company and are not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. We are a voluntary filer with the United States Securities and Exchange Commission (SEC). We are filing this information pursuant to an agreement with the SEC staff, as described in a no-action letter issued to Old GM by the SEC staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation.

Consistent with the no-action relief granted by the SEC staff, these unaudited condensed consolidated managerial financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Old GM s Annual Report on Form 10-K for the year ended December 31, 2008 (2008 10-K) as filed with the SEC. Financial information in the 2008 10-K was updated by the Form 8-K filed by Old GM on May 14, 2009 with respect to retrospective changes in the organization and presentation of financial information relative to its operating segments and to reflect the retrospective adoption of certain accounting standards as described therein. Operating results in the period July 10, 2009 through September 30, 2009 are not necessarily indicative of the results that may be expected in the period July 10, 2009 through December 31, 2009.

In accordance with the agreement with the SEC staff, the accompanying unaudited condensed consolidated managerial financial statements include the financial statements and related information of Old GM, the entity from whom we purchased substantially all of the assets and assumed certain liabilities and obligations. Prior to July 10, 2009 the business of the Company was operated by Old GM, our predecessor entity for accounting and financial reporting purposes.

The 363 Sale resulted in a new entity, General Motors Company, which is the successor entity for accounting and financial reporting purposes. Because we are a new reporting entity, our financial statements are not comparable to the financial statements of Old GM.

Also consistent with the no-action relief granted by the SEC staff, these unaudited condensed consolidated managerial financial statements do not comply with United States generally accepted accounting principles (U.S. GAAP). Refer to Note 2 to the unaudited condensed consolidated managerial financial statements for a discussion of the manner in which the managerial financial statements are not compliant with U.S. GAAP.

These unaudited condensed consolidated managerial financial statements will change when U.S. GAAP is applied. Such changes could be and are likely to be material. Further, because these unaudited condensed consolidated managerial financial statements have not been prepared in accordance with U.S. GAAP, they have limitations, are not comparable to similarly titled financial statements of other companies and should not be considered as a substitute for financial statements prepared in accordance with U.S. GAAP or other measures of performance or liquidity prepared in accordance with U.S. GAAP.

These unaudited condensed consolidated managerial financial statements have not been audited or reviewed by our independent auditors and, accordingly, they express no opinion or any other form of assurance on them.

We will file a Form 10-Q for the period ended September 30, 2009 and Form 10-K for the period ending December 31, 2009 with the SEC in 2010 that will include financial statements that comply with U.S. GAAP and the rules and regulations of the SEC.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED MANAGERIAL STATEMENTS OF OPERATIONS

(Dollars in millions)

(Not audited or reviewed)

	Successor	Predecessor			
	July 10, 2009 Through September 30, 2009	July 1, 2009 Through July 9, 2009	January 1, 2009 Through July 9, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2008
Net sales and revenue					
Sales	$ 26,274	$ 1,629	$ 46,786	$ 37,503	$ 117,120
Other revenue	78	8	328	305	1,081
Total net sales and revenue	26,352	1,637	47,114	37,808	118,201
Costs and expenses					
Cost of sales	24,765	1,943	57,473	34,521	116,219
Selling, general and administrative expense	2,653	732	6,230	3,251	10,704
Other expenses, net	(17)	21	1,323	919	5,226
Total costs and expenses	27,401	2,696	65,026	38,691	132,149
Operating loss	(1,049)	(1,059)	(17,912)	(883)	(13,948)
Equity in income (loss) of GMAC			1,373	(1,235)	(4,777)
Interest expense	(356)	(823)	(5,428)	(595)	(2,217)
Interest income and other non-operating income, net	334	23	827	78	165
Gain (loss) on extinguishment of debt			(1,088)	43	97
Reorganization gains, net (Note 4)		80,720	79,563		
Income (loss) before income taxes and equity income	(1,071)	78,861	57,335	(2,592)	(20,680)
Income tax expense (benefit)	135	(522)	(1,080)	68	1,029
Equity income, net of tax	212	15	278	50	310
Managerial net income (loss)	(994)	79,398	58,693	(2,610)	(21,399)
Less: Managerial net (income) loss attributable to noncontrolling interests	(157)	(40)	216	58	52
Managerial net income (loss) attributable to stockholders	(1,151)	79,358	58,909	(2,552)	(21,347)
Less: Accumulated preferred dividends	146				
Managerial net income (loss) attributable to common stockholders	$ (1,297)	$ 79,358	$ 58,909	$ (2,552)	$ (21,347)

Reference should be made to the notes to the condensed consolidated managerial financial statements,

which have not been prepared in accordance with U.S. GAAP. Refer to Note 2.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED MANAGERIAL BALANCE SHEETS

(Dollars in millions)

(Not audited or reviewed)

	Successor September 30, 2009	Predecessor December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 25,092	$ 14,053
Marketable securities	137	141
Total cash and marketable securities	25,229	14,194
Restricted cash and marketable securities	17,987	
Accounts and notes receivable, net	6,895	7,918
Inventories	9,812	13,195
Assets held for sale	492	
Equipment on operating leases, net	2,708	5,142
Other current assets and deferred income taxes	1,722	3,146
Total current assets	64,845	43,595
Non-Current Assets		
Equity in net assets of nonconsolidated affiliates	2,245	2,146
Property, net	35,700	39,665
Intangible assets, net	201	265
Deferred income taxes	557	98
Prepaid pension	123	109
Equipment on operating leases, net	2	442
Restricted cash and marketable securities	2,327	2,589
Other assets	1,451	2,130
Total non-current assets	42,606	47,444
Total Assets	$ 107,451	$ 91,039
LIABILITIES AND DEFICIT		
Current Liabilities		
Accounts payable (principally trade)	$ 20,213	$ 22,259
Short-term debt and current portion of long-term debt	12,842	16,920
Liabilities held for sale	492	
Postretirement benefits other than pensions	1,625	4,001
Accrued expenses	24,575	32,428
Total current liabilities	59,747	75,608
Non-Current Liabilities		
Long-term debt	4,197	29,018
Postretirement benefits other than pensions	30,077	28,919
Pensions	27,549	25,178
Other liabilities and deferred income taxes	14,035	17,392
Total non-current liabilities	75,858	100,507
Total Liabilities	135,605	176,115

Commitments and contingencies (Note 13)				
Preferred stock, $0.01 par value (1,000,000,000 shares authorized, 360,000,000 shares issued and 100,000,000 shares outstanding at September 30, 2009) (Notes 3 and 11)		2,500		
Deficit				
Old GM				
Preferred stock, no par value (6,000,000 shares authorized, no shares issued and outstanding)				
Preference stock, $0.10 par value (100,000,000 shares authorized, no shares issued and outstanding)				
Common Stock, $1 2/3 par value common stock (2,000,000,000 shares authorized, 800,937,541 shares issued and outstanding at December 31, 2008)				1,017
General Motors Company				
Common stock, $0.01 par value (2,500,000,000 shares authorized, 500,000,000 shares issued and 412,500,000 outstanding at September 30, 2009) (Notes 3 and 11)		5		
Capital surplus (principally additional paid-in capital)		17,512		16,489
Retained earnings (Accumulated deficit)		(13,011)		(70,727)
Accumulated other comprehensive loss		(35,557)		(32,339)
Total stockholders deficit		(31,051)		(85,560)
Noncontrolling interests		397		484
Total deficit		(30,654)		(85,076)
Total Liabilities and Deficit	$	107,451	$	91,039

Reference should be made to the notes to the condensed consolidated managerial financial statements,

which have not been prepared in accordance with U.S. GAAP. Refer to Note 2.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED MANAGERIAL STATEMENTS OF EQUITY (DEFICIT)

For the Year Ended December 31, 2008 and the Period January 1, 2009 Through July 9, 2009

(Dollars in millions)

(Not audited or reviewed)

	Common Stockholders						
	Common Stock	Capital Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Deficit
Balance December 31, 2007, Predecessor as reported	$ 943	$ 15,319	$ (39,392)	$ (13,964)	$		$ (37,094)
Effects of adoption of ASC 470-20		781	(34)	(23)			724
Effects of adoption of ASC 810-10					1,218		1,218
Balance December 31, 2007, Predecessor as adjusted	943	16,100	(39,426)	(13,987)	1,218		(35,152)
Net loss			(30,943)		(108)	$ (31,051)	(31,051)
Other comprehensive income (loss)							
Foreign currency translation adjustments				(1,155)	(161)	(1,316)	
Unrealized loss on derivatives				(811)	(420)	(1,231)	
Unrealized loss on securities				(298)		(298)	
Defined benefit plans							
Net prior service costs				(4,897)		(4,897)	
Net actuarial loss				(11,199)		(11,199)	
Net transition asset /obligation				8		8	
Other comprehensive loss				(18,352)	(581)	(18,933)	(18,933)
Comprehensive loss						$ (49,984)	
Effects of GMAC adoption of ASC 820-10 and ASC 825-10			(76)				(76)
Stock options		32	1				33
Common stock issued for settlement of Series D debentures	74	357					431
Cash dividends paid to GM common stockholders			(283)				(283)
Cash dividends paid to noncontrolling interests					(46)		(46)
Other					1		1
Balance December 31, 2008, Predecessor	1,017	16,489	(70,727)	(32,339)	484		(85,076)
Net income (loss)			58,909		(216)	$ 58,693	58,693
Other comprehensive income (loss)							
Foreign currency translation adjustments				231	(3)	228	
Unrealized gain on derivatives				99	95	194	
Unrealized gain on securities				47		47	

Defined benefit plans							
Net prior service costs				2,828		2,828	
Net actuarial loss				(6,233)		(6,233)	
Net transition asset / obligation				1		1	
Other comprehensive loss				(3,027)	92	(2,935)	(2,935)
Comprehensive income						$ 55,758	
Cash dividends paid to noncontrolling interests					(25)		(25)
Other	1	5	(1)		(14)		(9)
Balance July 9, 2009, Predecessor	$ 1,018	$ 16,494	$ (11,819)	$ (35,366)	$ 321		$ (29,352)

Reference should be made to the notes to the condensed consolidated managerial financial statements,

which have not been prepared in accordance with U.S. GAAP. Refer to Note 2.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED MANAGERIAL STATEMENTS OF EQUITY (DEFICIT)

For the Period July 10, 2009 Through September 30, 2009

(Dollars in millions)

(Not audited or reviewed)

	Common Stockholders						
	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Deficit
Balance July 9, 2009, Predecessor	$ 1,018	$ 16,494	$ (11,819)	$ (35,366)	$ 321		$ (29,352)
Managerial reporting adjustments:							
Cancellation of predecessor common stock	(1,018)	1,018					
Elimination of accumulated other comprehensive loss				(80)			(80)
Elimination of noncontrolling interests					(80)		(80)
Issuance of GM common stock	5						5
Balance July 9, 2009 Successor	5	17,512	(11,819)	(35,446)	241		(29,507)
Net income (loss)			(1,151)		157	$ (994)	(994)
Other comprehensive income (loss)							
Foreign currency translation adjustments				170	3	173	
Unrealized loss on derivatives				(63)	(22)	(85)	
Unrealized gain on securities				19		19	
Defined benefit plans							
Net prior service costs				88		88	
Net actuarial loss				(325)		(325)	
Other comprehensive income				(111)	(19)	(130)	(130)
Comprehensive loss						$ (1,124)	
Cash dividends paid to GM preferred stockholders			(41)				(41)
Other					18		18
Balance September 30, 2009	$ 5	$ 17,512	$ (13,011)	$ (35,557)	$ 397		$ (30,654)

Reference should be made to the notes to the condensed consolidated managerial financial statements,

which have not been prepared in accordance with U.S. GAAP. Refer to Note 2.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED MANAGERIAL STATEMENTS OF CASH FLOWS

(Dollars in millions)

(Not audited or reviewed)

	Successor	Predecessor	
	July 10, 2009 Through September 30, 2009	January 1, 2009 Through July 9, 2009	Nine Months Ended September 30, 2008
Net cash provided by (used in) operating activities	$ 2,905	$ (18,154)	$ (9,661)
Cash flows from investing activities			
Expenditures for property	(639)	(3,744)	(5,527)
Investment in GMAC		(884)	
Increase in cash due to consolidation of CAMI		46	
Increase in cash due to consolidation of Saab Automobile AB in August 2009	222		
Decrease in cash due to deconsolidation of Saab Automobile AB in February 2009		(41)	
Investments in marketable securities, acquisitions	(81)	(280)	(3,209)
Investments in marketable securities, liquidations	94	279	5,139
Investment in stock warrants	(25)		
Operating leases, liquidations	346	1,307	3,014
Change in restricted cash	(52)	(19,189)	
Other	(178)	14	28
Net cash used in investing activities	(313)	(22,492)	(555)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	(606)	(2,363)	(2,730)
Proceeds from UST Loans and UST GMAC Loan		16,645	
Proceeds from investment by EDC	4,042		
Proceeds from the Supplier Receivable Program	30	260	
Proceeds from debtor-in-possession facility		33,300	
Proceeds from Canadian Loan		2,407	
Proceeds from issuance of long-term debt	456	345	5,581
Proceeds from German Revolving Bridge Facility	716	992	
Payments on the UST Loans	(361)		
Payments on German Revolving Bridge Facility	(438)		
Payments on long-term debt	(199)	(6,072)	(847)
Fees paid for debt modification		(63)	
Cash dividends paid to preferred stockholders	(41)		
Cash dividends paid to common stockholders			(283)
Net cash provided by (used in) financing activities	3,599	45,451	1,721
Effect of exchange rate changes on cash and cash equivalents	193	168	(315)
Net increase (decrease) in cash and cash equivalents	6,384	4,973	(8,810)
Cash and cash equivalents reclassified to assets held for sale	(277)		
Cash and cash equivalents retained by MLC		(41)	
Cash and cash equivalents at beginning of the period	18,985	14,053	24,817

Cash and cash equivalents at end of the period	$	25,092	$ 18,985	$	16,007

Reference should be made to the notes to the condensed consolidated managerial financial statements,

which have not been prepared in accordance with U.S. GAAP. Refer to Note 2.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED MANAGERIAL FINANCIAL STATEMENTS

(Not audited or reviewed)

Note 1. Nature of Operations

We (also General Motors Company, GM or the Company) develop, produce and market cars, trucks and parts worldwide. We do so through our two segments: General Motors North America (GMNA) and General Motors International Operations (GMIO), which includes our operations in Asia Pacific, Europe, Latin America, Africa and the Middle East.

Note 2. Basis of Presentation

We are a private company and, as such, we are not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. We are a voluntary filer with the SEC. We are filing this information pursuant to the agreement with the SEC staff, as described in a no-action letter issued to Old GM, by the SEC staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), formerly known as General Motors Corporation. In accordance with the agreement with the SEC staff, the accompanying unaudited condensed consolidated managerial financial statements include the financial statements and related information of Old GM, the entity from whom we purchased substantially all of its assets and assumed certain of its liabilities and obligations, for the period prior to July 10, 2009.

The 363 Sale resulted in a new entity, General Motors Company which is the successor entity for accounting and financial reporting purposes. Because we are a new reporting entity, our financial statements are not comparable to the financial statements of Old GM.

Our unaudited condensed consolidated managerial financial statements for the period July 10, 2009 to September 30, 2009 are prepared on a basis of accounting other than generally accepted accounting principles. Specifically, they are prepared in a manner consistent with the method that our management uses to assess and measure our operational and financial performance after the 363 Sale, reflect the assets acquired and liabilities assumed using Old GM s historical cost basis prior to the 363 Sale, do not reflect fresh-start reporting pursuant to Accounting Standards Codification Topic (ASC) 852, Reorganizations , uses Old GM s historical accounting policies with the exception that they do not apply the provisions of ASC 360, Property, Plant, and Equipment relating to asset impairments and ASC 715, Compensation-Retirement Benefits for the remeasurements of our benefit plans for such items as plan amendments or curtailments.

In addition to excluding those adjustments required by ASC 852, these unaudited condensed consolidated managerial financial statements as of and for the nine months ended September 30, 2009, do not include additional adjustments that are required in order to comply with U.S. GAAP.

These unaudited condensed consolidated managerial financial statements do not comply with U.S. GAAP as they do not incorporate the following adjustments:

Fresh-Start Reporting

The application of fresh-start reporting involves the determination of our business enterprise value and the fair value of our assets and liabilities, with any differences between the values recorded as goodwill. The effect of the application of fresh-start reporting may include, but may not be limited to, the following:

Recording intangible assets ascribed to our brands, dealer network, customer lists, and technology, which may be material. The useful lives of the intangible assets must also be determined, and, when calculated and recorded, amortization expense may be material.

Adjusting the fair value of our fixed assets, including machinery and equipment and property. The useful lives of the fixed assets must also be determined, and depreciation expense, when recalculated and recorded, may be materially different than depreciation calculated utilizing the historical cost basis of fixed assets owned by Old GM prior to the 363 Sale.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED MANAGERIAL FINANCIAL STATEMENTS (Continued)

(Not audited or reviewed)

Adjusting the fair value of our inventory, including raw materials, work in process and finished goods, which may be materially different than the historical cost basis when owned by old GM prior to the 363 Sale.

The fair value of our non-consolidated affiliates and equity method investees must be determined, which may be materially different from their historical cost basis when owned by Old GM prior to the 363 Sale.

Our global pension and Other Postemployment Benefit (OPEB) plans must also be remeasured as of July 10, 2009 due to changes in benefit plans as of that date. Actuarial assumptions must be determined, which may be materially different from those utilized by Old GM prior to the 363 Sale. Our Net periodic pension/OPEB (income) expense, when recalculated and recorded, may be materially different than that recorded by Old GM prior to the 363 Sale.

The fair value of our common and preferred stock must be determined, as well as the fair value of the debt and obligations for which they were exchanged. As these transactions are currently recorded at their carrying amounts, future adjustments to Reorganization gains, net may be material.

Recorded amounts in Accumulated other comprehensive income (loss) which primarily relate to pensions and derivative instruments, have been frozen as of July 10, 2009, although the recorded balances continue to be affected by foreign currency exchange rate fluctuations. The application of fresh-start reporting will reset the recorded amount of ($35.6) billion to zero, which will affect Reorganization gains, net by the same amount.

Recorded amounts in Capital surplus (principally additional paid-in capital) have not been reset to zero. The application of fresh-start reporting will reset the recorded amount of $17.5 billion to zero, which will affect Reorganization gains, net by the same amount.

Recorded amounts in Accumulated deficit have not been reset to zero. Upon finalization of fresh-start reporting, including the finalization of Reorganization gains, net, Accumulated deficit will be reset to zero.

The fair value of our debt obligations must be determined. As fair value has not been determined because we have not applied fresh-start reporting, we are not able to present the fair value of our debt in accordance with ASC 825-10.

The income tax effects of fresh-start reporting must also be determined, and the appropriate deferred tax assets and/or liabilities recorded. Old GM had recorded substantial valuation allowances against its deferred tax assets, primarily due to its recurring operating losses and a challenging near- and mid-term financial outlook. Fresh-start reporting adjustments to record deferred tax assets and/or liabilities, including corresponding valuation allowances where appropriate, may be material.

Other

We have not recorded certain other adjustments and performed certain procedures which are required in order to comply with U.S. GAAP, including but not limited to the following:

Impairment testing was not performed on our fixed assets, as these will be recorded at fair value upon application of fresh-start reporting.

Certain liabilities require the completion of detailed studies utilizing historical and estimated information and significant judgment. We have recorded our best estimate of such liabilities although we have not necessarily completed all of our procedures. The completion of these procedures may result in adjustments to our recorded liabilities, which may be material.

Due to the complexities of closing our various accounting systems on July 9, 2009, and extracting the assets and liabilities related to the 363 Sale, we continue to analyze the time period in which revenues and expenses were recorded. We have recorded our best estimate of such revenues and expenses in the proper period, although future changes may be material.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED MANAGERIAL FINANCIAL STATEMENTS (Continued)

(Not audited or reviewed)

We continue to analyze the allocation of certain assets and liabilities between us and Old GM at July 10, 2009. We have recorded our best estimate of such allocation, although future changes to this allocation may be material.

These unaudited condensed consolidated managerial financial statements will change when fresh-start reporting is applied and the other adjustments noted previously or that are identified at a later date are applied in accordance with U.S. GAAP. Such changes could and are likely to be material. Further, because these unaudited condensed consolidated managerial financial statements have not been prepared in accordance with U.S. GAAP, they have limitations, are not comparable to similarly titled financial statements of other companies and should not be considered as a substitute for financial statements prepared in accordance with U.S. GAAP or other measures of performance or liquidity prepared in accordance with U.S. GAAP.

These unaudited condensed consolidated managerial financial statements have not been audited or reviewed by our independent auditors and, accordingly, they express no opinion or any other form of assurance on them.

We will file a Form 10-Q for the period ended September 30, 2009 and Form 10-K for the period ending December 31, 2009 with the SEC in 2010 that will include financial statements that comply with U.S. GAAP and the rules and regulations of the SEC.

Use of Estimates in the Preparation of the Financial Statements

Our unaudited condensed consolidated managerial financial statements use significant estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses in the periods presented. We believe the accounting estimates employed are currently appropriate and the resulting balances are reasonable and based upon the best information currently available. However, due to the inherent uncertainties in making estimates, which include the future receipt of better information related to such estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. In addition, the accounting policies that we will adopt in connection with fresh-start reporting could also require adjustments to these balances in future periods. Any such adjustments could be material.

Principles of Consolidation

Our unaudited condensed consolidated managerial financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. In addition, we consolidate variable interest entities (VIE) when we are the VIE s primary beneficiary. Our share of earnings or losses of nonconsolidated affiliates are included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over their operating and financial decisions. When we are not able to exercise significant influence over such affiliates, we use the cost method of accounting. All intercompany balances and transactions have been eliminated in consolidation.

On February 20, 2009 Saab filed for protection under the reorganization laws of Sweden in order to reorganize itself into a stand-alone entity. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab on February 20, 2009.

We acquired Old GM s investment in Saab as part of the 363 Sale. On August 18, 2009 we signed a stock purchase agreement with Koenigsegg Group AB regarding the sale of 100% of the shares of Saab, and on August 24, 2009 Saab exited its reorganization proceeding. As a result, we regained the elements of control necessary for consolidation and consolidated Saab on August 24, 2009.

As a result of the sale agreement, which is expected to be finalized in the next few months, we classified Saab s assets and liabilities as held for sale. Saab s total assets of $492 million include cash and cash equivalents, inventory and receivables, and its total liabilities of $492 million include accounts payable, warranty and pension obligations and other liabilities.

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED MANAGERIAL FINANCIAL STATEMENTS (Continued)

(Not audited or reviewed)

Change in Presentation of Financial Statements

In order to streamline our business and speed our decision making processes, we have revised our operational structure, combining Old GM s Europe, Latin America/Africa/Middle East and Asia Pacific segments into one segment, General Motors International Operations (GMIO).

Subsequent Events

We evaluated the effects of all known subsequent events through November 16, 2009, the date we filed our condensed consolidated managerial financial statements with the SEC.

Changes in Accounting Principles

We currently utilize the following accounting policies, which were utilized by our predecessor entity, Old GM. We are evaluating our accounting policies concurrently with the adoption of fresh-start reporting. Our accounting policies will be finalized and disclosed upon the adoption of fresh-start reporting.

Fair Value Measurements

On January 1, 2008 Old GM adopted ASC 820-10, Fair Value Measurements and Disclosures, for financial assets and liabilities which provides a consistent definition of fair value that focuses on exit price and prioritizes, within a measurement of fair value, the use of market-based inputs over company-specific inputs. ASC 820-10 requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. The standard also requires that a company consider its own nonperformance risk when measuring liabilities carried at fair value, including derivatives. On January 1, 2009, Old GM adopted ASC 820-10 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The effect of Old GM s adoption of ASC 820-10 on January 1, 2009 for nonfinancial assets and nonfinancial liabilities and on January 1, 2008 for financial assets and financial liabilities was not material and no adjustment to Accumulated deficit was required.

The Fair Value Option for Financial Assets and Financial Liabilities

On January 1, 2008 Old GM adopted ASC 825-10, Financial Instruments, which permits a company to measure certain financial assets and financial liabilities at fair value that were not previously required to be measured at fair value. Old GM did not elect to measure any financial assets and financial liabilities at fair value which were not previously required to be measured at fair value. Therefore, the adoption of this standard had no effect on Old GM s results of operations.

Business Combinations

On January 1, 2009 Old GM adopted ASC 805, Business Combinations, which retained the underlying concepts under existing standards that all business combinations be accounted for at fair value under the acquisition method of accounting. However, ASC 805 changed the method of applying the acquisition method in a number of significant aspects. It requires that: (1) for all business combinations, the acquirer record all assets and liabilities of the acquired business, including goodwill, generally at their fair values; (2) certain pre-acquisition contingent assets and liabilities acquired be recognized at their fair values on the acquisition date; (3) contingent consideration be recognized at its fair value on the acquisition date and, for certain arrangements, changes in fair value be recognized in earnings until settled; (4) acquisition-related transaction and restructuring costs be expensed rather than treated as part of the cost of the acquisition and included in the amount recorded for assets acquired; (5) in step acquisitions, previous equity interests in an acquiree held prior to obtaining control be remeasured to their acquisition-date fair values, with any gain or loss recognized in earnings; and (6) when making adjustments to finalize initial accounting, companies revise any previously issued post- acquisition financial information in future financial statements to reflect any adjustments as if they had been recorded on the acquisition date. ASC 805 amended ASC 740, Income Taxes, such that adjustments made to valuation allowances on deferred taxes

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and acquired tax contingencies associated with acquisitions that closed prior to the effective date of ASC 805 should also apply the provisions of this standard. This standard applies to all business combinations entered into on or after January 1, 2009. The adoption did not have a material effect on the consolidated managerial financial statements.

Disclosures about Derivative Instruments and Hedging Activities

On January 1, 2009 Old GM adopted ASC 815-10, Derivatives and Hedging, which expands the disclosure requirements of derivative instruments and hedging activities. Refer to Note 12 for the tabular and narrative disclosures required by ASC 815-10.

Noncontrolling Interests in Consolidated Financial Statements

On January 1, 2009 Old GM adopted ASC 810-10, Consolidation, that governs the accounting for and reporting of noncontrolling interests in partially-owned consolidated subsidiaries and the loss of control of subsidiaries. Also, this standard requires that: (1) noncontrolling interest, previously referred to as minority interest, be reported as part of equity in the consolidated financial statements; (2) losses be allocated to a noncontrolling interest even when such allocation might result in a deficit balance, reducing the losses attributed to the controlling interest; (3) changes in ownership interests be treated as equity transactions if control is maintained; (4) changes in ownership interests resulting in gain or loss be recognized in earnings if control is gained or lost; and (5) in a business combination, a noncontrolling interest s share of net assets acquired be recorded at fair value, plus its share of goodwill. The provisions of this standard were prospective upon adoption, except for the presentation and disclosure requirements. The presentation and disclosure requirements have been applied retrospectively for all periods presented. Accordingly, prior period amounts have been adjusted to apply the new method of accounting. If the previous requirements of ASC 810-10 were applied, the pro forma Managerial net income attributable to common stockholders would decrease $254 million in the period January 1, 2009 through July 9, 2009 and increase $25 million in the period July 1, 2009 through July 9, 2009. In the period July 10, 2009 through September 30, 2009, the pro forma Managerial net (loss) attributable to common stockholders would decrease $144 million.

Accounting for Convertible Debt Instruments

On January 1, 2009 Old GM adopted ASC 470-20, Debt with Conversion and Other Options, which requires issuers of convertible debt securities within its scope to separate these securities into a debt component and an equity component, resulting in the debt component being recorded at fair value without consideration given to the conversion feature. Issuance costs are also allocated between the debt and equity components. ASC 470-20 requires that convertible debt within its scope reflect a company s nonconvertible debt borrowing rate when interest expense is recognized. The provisions of ASC 470-20 were retrospective upon adoption, and prior period amounts have been adjusted to apply the new method of accounting. As a result of the adoption of ASC 470-20, Interest expense increased and Managerial net income attributable to common stockholders decreased by $50 million in the period January 1, 2009 through July 9, 2009. There was no effect on Interest expense and Managerial net income (loss) attributable to common stockholders in the periods July 1, 2009 through July 9, 2009 and July 10, 2009 through September 30, 2009.

The following tables summarize the effect of adopting ASC 810-10 and ASC 470-20 (dollars in millions):

	Condensed Consolidated Managerial Statement of Operations for the Three Months Ended September 30, 2008			
	As Previously Reported	Adoption of ASC 470-20	Adoption of ASC 810-10	As Adjusted
Automotive and other interest expense (c)	$ (561)	$ (34)	$	$ (595)

Gain on extinguishment of debt (c)	$ 19	$ 24	$	$ 43
Loss from continuing operations before income taxes, equity income and minority interests (a)	$ (2,582)	$ (10)	$	$ (2,592)
Minority interests, net of tax	$ 58	$	$ (58)	$
Managerial net loss	$ (2,542)	$ (10)	$ (58)	$ (2,610)
Managerial net loss attributable to noncontrolling interests	$	$	$ 58	$ 58
Managerial net loss attributable to common stockholders	$	$	$ (2,552)	$ (2,552)

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	Condensed Consolidated Managerial Statement of Operations for the Nine Months Ended September 30, 2008			
	As Previously Reported	Adoption of ASC 470-20	Adoption of ASC 810-10	As Adjusted
Automotive and other interest expense (c)	$ (2,110)	$ (107)	$	$ (2,217)
Gain on extinguishment of debt (c)	$ 73	$ 24	$	$ 97
Loss from continuing operations before income taxes, equity income and minority interests (a)	$ (20,597)	$ (83)	$	$ (20,680)
Minority interests, net of tax	$ 52	$	$ (52)	$
Managerial net loss	$ (21,264)	$ (83)	$ (52)	$ (21,399)
Managerial net loss attributable to noncontrolling interests	$	$	$ 52	$ 52
Managerial net loss attributable to common stockholders	$	$	$ (21,347)	$ (21,347)

	Condensed Consolidated Managerial Balance Sheet as of December 31, 2008			
	As Previously Reported	Adoption of ASC 470-20	Adoption of ASC 810-10	As Adjusted
Other assets, noncurrent (d)	$ 2,138	$ (8)	$	$ 2,130
Total assets	$ 91,047	$ (8)	$	$ 91,039
Short-term debt and current portion of long-term debt	$ 16,946	$ (26)	$	$ 16,920
Total current liabilities	$ 75,634	$ (26)	$	$ 75,608
Other liabilities and deferred income taxes, noncurrent (b)	$ 17,392	$	$	$ 17,392
Long-term debt	$ 29,594	$ (576)	$	$ 29,018
Total liabilities	$ 176,717	$ (602)	$	$ 176,115
Minority interests (b)	$ 484	$	$ (484)	$
Capital surplus (principally additional paid-in-capital)	$ 15,755	$ 734	$	$ 16,489
Accumulated deficit	$ (70,610)	$ (117)	$	$ (70,727)
Accumulated other comprehensive loss	$ (32,316)	$ (23)	$	$ (32,339)
Noncontrolling interests	$	$	$ 484	$ 484
Total equity (deficit)	$ (86,154)	$ 594	$ 484	$ (85,076)

(a) Loss before income taxes and equity income as reported.

(b) In connection with the adoption of ASC 810-10, Old GM determined that certain immaterial amounts previously recognized in Minority interests should have been recognized as liabilities. Accordingly, Old GM reclassified $330 million from Minority interests to Other liabilities and deferred income taxes, noncurrent at December 31, 2008, which has been comprehended in the As Previously Reported column.

(c) Old GM reclassified $19 million and $73 million in the three and nine months ended September 30, 2008 from Automotive and other interest expense to Gain on extinguishment of debt in order to conform to the current period presentation. These amounts have been incorporated into the As Previously Reported column.

(d) Old GM reclassified $2.6 billion as of December 31, 2008 from Other assets, noncurrent to Restricted cash and marketable securities in order to conform to the current period presentation. This amount has been incorporated into the As Previously Reported column.

Other

In 2008, the FASB ratified ASC 260-10 Earnings Per Share, ASC 815-40, Derivatives and Hedging Contracts in Entity s Own Equity, ASC 808-10, Collaborative Arrangements, and ASC 840-10, Leases. Old GM adopted these standards on January 1, 2009, none of which had a material effect on the consolidated managerial financial statements.

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In April 2009, the FASB amended the FASB Accounting Standards Codification (Codification) to provide additional application guidance and to require enhanced disclosures regarding fair value measurements and impairments of debt securities. ASC 820-10 was amended and provides guidelines for determining fair value measurements consistently with the principles presented in ASC 820-10 when the volume and level of activity for an asset or liability has significantly decreased, and provides guidance on identifying circumstances that indicate that a transaction is not orderly. ASC 825-10 was amended and expands the frequency of fair value disclosures to include interim reporting periods for certain financial instruments not recognized at fair value in the statement of financial position. ASC 320-10, Investments Debt and Equity Securities, was amended and modified the other-than-temporary impairment guidance for debt securities and the presentation and disclosure requirements for all other-than-temporary impairments. Old GM adopted these standards effective June 30, 2009. The adoption did not have a material effect on the consolidated managerial financial statements.

In June 2009, the FASB issued ASC 105-10, Generally Accepted Accounting Principles. The standard establishes the Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. All guidance contained in the Codification carries an equal level of authority. We adopted ASC 105-10 in the three months ended September 30, 2009.

Accounting Standards Not Yet Adopted

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets an amendment of ASC 860, Transfers and Servicing. SFAS No. 166 eliminates the concept of a qualifying special-purpose entity, establishes a new definition of participating interest that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the derecognition criteria for a transfer of financial assets to be accounted for as a sale, and changes the amount that can be recognized as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. This statement is effective as of the beginning of a reporting entity s first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. We are currently evaluating the effects, if any, that SFAS No. 166 will have on the consolidated financial statements.

In June 2009, the FASB issued SFAS No. 167, Amendments to ASC 810-10, Consolidation. SFAS No. 167 amends ASC 810-10 requiring an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct the activities of a VIE that most significantly effect the entity s economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. SFAS No. 167 requires an ongoing reconsideration of the primary beneficiary, and amends the events that trigger a reassessment of whether an entity is a VIE. This statement is effective as of the beginning of a reporting entity s first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. Retrospective application is optional. We are currently evaluating the effects, if any, that SFAS No. 167 will have on the consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update 2009-5, Measuring Liabilities at Fair Value (ASU 2009-5). ASU 2009-5 provides additional guidance for the fair value measurement of liabilities. ASU 2009-5 is effective in the period beginning October 1, 2009. We do not expect that the adoption will have a material effect on the consolidated financial statements.

In September 2009, the FASB issued ASU No. 2009-12, Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2009-12), which permits a reporting entity to utilize, without adjustment, the net asset value provided by a third-party investee as a practical expedient to measure the fair value of certain investments. ASU 2009-12 is effective for the first reporting period, interim or annual, ending after December 15, 2009. We are currently evaluating the effects, if any, that ASU 2009-12 will have on the consolidated financial statements.

In September 2009, the FASB issued ASU No. 2009-13, Multiple-Deliverable Revenue Arrangements. ASU No. 2009-13 addresses the unit of accounting for multiple-element arrangements. In addition, ASU No. 2009-13 revises the method by which

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consideration is allocated among the units of accounting. Specifically, the overall consideration is allocated to each deliverable by establishing a selling price for individual deliverables based on a hierarchy of evidence, involving vendor-specific objective evidence, other third-party evidence of the selling price, or the entity s best estimate of the selling price of individual deliverables in the arrangement. ASU No. 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. We are currently evaluating the effects, if any, that ASU No. 2009-13 will have on the consolidated financial statements.

Note 3. Section 363 Sale Transaction with Motors Liquidation Company

Background

As a result of recessions in the United States and Western Europe, and a slowdown in economic growth in the rest of the world, which contributed to significant declines in Old GM s sales in the three months ended December 31, 2008, Old GM determined it would be unable to pay its obligations in the normal course of business or service its debt in a timely fashion.

As a result, in December 2008 Old GM requested and received financial assistance from the U.S. Government and entered into a loan and security agreement, which was subsequently amended, (UST Loan Agreement) with the United States Department of the Treasury (UST). In early 2009, Old GM s business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST and Export Development Canada (EDC), a corporation wholly-owned by the Government of Canada.

In March 2009 Old GM submitted a plan to the UST that detailed the steps Old GM needed to take to achieve and sustain its long-term viability, international competitiveness and energy efficiency. The President s Designee determined on March 30, 2009, however, that the plan was not viable and that the plan required substantial revisions. Old GM subsequently submitted a revised plan to the President s Designee, but Old GM was unable to complete all of the cost reduction and restructuring actions contemplated therein (which included the satisfactory completion of a debt tender offer).

Old GM s inability to complete the cost reduction and restructuring actions in its revised plan resulted in significant liquidity constraints and on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court).

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM s Canadian operations.

The following table summarizes the total proceeds and funding commitments received by Old GM in the period December 31, 2008 through July 9, 2009 in connection with the UST Loan Agreement, loan agreements and other funding commitments with EDC, and Old GM s DIP Facility (dollars in millions):

Description of Funding Commitment	Proceeds Received	Additional Notes Issued(a)	Total Funding
UST Loan Agreement	$ 19,400	$ 1,172	$ 20,572
EDC funding (b)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 58,994	$ 3,554	$ 62,548

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Proceeds received from EDC include approximately $418 million received prior to our Chapter 11 Proceedings and approximately $3.9 billion of funding that was immediately converted into equity in GM.

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On July 10, 2009, General Motors Company completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM, and its direct and indirect subsidiaries (collectively, the Sellers). The sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to Section 363(b) of the Bankruptcy Code (363 Sale) and the Bankruptcy Court s sale order dated July 5, 2009. MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities. Prior to July 10, 2009 the business of the Company was operated by General Motors Corporation (Old GM), our predecessor entity for accounting and financial reporting purposes.

In connection with the closing of the 363 Sale and pursuant to the Purchase Agreement, the purchase price we paid to Old GM equaled the sum of:

A credit bid in an amount equal to the total of: (1) $19.8 billion of debt under Old GM s UST Loan Agreement, plus $1.2 billion of notes issued as additional compensation for the UST Loan Agreement, plus interest on such debt owed as of the closing date of the 363 Sale by Old GM; and; (2) $33.3 billion of debt under Old GM s DIP Facility, plus $2.2 billion of notes issued as additional compensation for the DIP Facility, plus interest owed as of the closing date by Old GM, less $8.2 billion of debt owed under the DIP Facility;

The UST s return of the warrants previously issued to it by Old GM;

The issuance to MLC of 50 million shares (or 10.0%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for 91 million shares of our common stock (or 15.0% on a fully diluted basis); and

The assumption by us of certain specified liabilities of Old GM (including $7.1 billion of debt owed under the DIP Facility).

In the event that the total general unsecured claims against Old GM, as determined by the Bankruptcy Court, exceed $35.0 billion, we are required to issue, as an adjustment to the purchase price, up to approximately an additional 2% of our common stock (Adjustment Shares) to MLC, based on the extent to which such claims exceed $35.0 billion, with the full amount of the Adjustment Shares being payable if such excess amount is greater than or equal to $7.0 billion.

Agreements with the UST, UAW Retiree Medical Benefits Trust and Export Development Canada

On July 10, 2009, we entered into a UST Credit Agreement and assumed $7.1 billion of debt incurred by Old GM under its DIP Facility and all of Old GM s obligations with respect to its DIP Facility (UST Loans). Immediately after entering into the UST Credit Agreement, we made a partial pre-payment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion to the UAW Retiree Medical Benefits Trust (New VEBA).

We are required to prepay the UST Loans, VEBA Notes and Canadian Loan (as subsequently defined), in certain cases on a pro rata basis, in an amount equal to the net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. We can voluntarily repay all or a portion of the UST Loans or VEBA Notes at any time. Once repaid, we cannot reborrow under the UST Credit Agreement.

The obligations under the UST Credit Agreement and the VEBA Note Agreement are secured by substantially all of our assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

Proceeds of the UST Credit Agreement of $16.4 billion were deposited in escrow and will be distributed to us at our request if the following conditions are met: (1) the representations and warranties we made in the loan documents are true and correct in all material respects on the date of our request; (2) we are not in default on the date of our request taking into consideration the amount of the

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withdrawal request; and (3) the UST, in its sole discretion, approves the amount and intended use of the requested disbursement. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and the Canadian Loan, on a pro rata basis, unless the UST agrees to extend the escrow agreements for up to an additional 12 months. Any proceeds remaining in the escrow account after the UST Loans and the Canadian Loan are repaid in full shall be returned to us.

On July 10, 2009, through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with Export Development Canada (EDC), a corporation wholly-owned by the Government of Canada, as a result of which GMCL has a CAD $1.5 billion (equivalent of USD $1.3 billion when entered into) term loan (Canadian Loan).

GMCL may voluntarily repay the Canadian Loan in whole or in part at any time. Once repaid, GMCL cannot reborrow under the Canadian Loan Agreement. The Canadian Loan Agreement has been guaranteed by us and by 1908 Holdings Ltd., Parkwood Holdings Ltd., and GM Overseas Funding LLC, each of which is a Subsidiary Guarantor of GMCL. Our guarantee of GMCL s obligations under the Canadian Loan Agreement is secured by a lien on the equity of GMCL. Because 65% of our ownership interest in GMCL was previously pledged to secure the obligations under the UST Credit Agreement and the VEBA Note Agreement, EDC received a first priority lien on 35% of our equity interest in GMCL and a second priority lien on the remaining 65%. With certain exceptions, GMCL s obligations under the Canadian Loan Agreement are secured by a first lien on substantially all of its and the Subsidiary Guarantors assets, including GMCL s ownership interests in the Subsidiary Guarantors and a portion of GMCL s equity interests in General Motors Product Services Inc., a subsidiary of ours. Refer to Note 9.

Issuance of Common and Preferred Stock

On July 10, 2009, in connection with the closing of the 363 Sale, we issued 304,131,356 shares of our common stock to the UST (and all of the shares of our common stock owned by the UST prior to the closing of the transactions were surrendered to us for cancellation), 58,368,644 shares of our common stock to 7176384 Canada Inc., a corporation organized under the laws of Canada (Canada Holdings), 87,500,000 shares of our common stock to the New VEBA and 50,000,000 shares of our common stock to MLC.

In addition, on the same date, we also issued 83,898,305 shares of our Series A Fixed Rate Cumulative Perpetual Preferred Stock (Series A Preferred Stock) to the UST, 16,101,695 shares of the Series A Preferred Stock to Canada Holdings and 260,000,000 shares of the Series A Preferred Stock to the New VEBA. The Series A Preferred Stock have a liquidation preference of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock. On or after December 31, 2014, we may redeem, in whole or in part, the shares of Series A Preferred Stock at the time outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

On July 10, 2009, also in connection with the closing of the 363 Sale, we issued two warrants to MLC, one to acquire 45,454,545 shares of our common stock, exercisable at any time prior to July 10, 2016, with an exercise price of $30.00 per share and the other to acquire 45,454,545 shares of our common stock, exercisable at any time prior to July 10, 2019, with an exercise price of $55.00 per share. On July 10, 2009, we also issued a warrant to the New VEBA to acquire 15,151,515 shares of our common stock, exercisable at any time prior to December 31, 2015, with an exercise price of $126.92 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA 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.

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The foregoing securities were issued to the UST, Canada Holdings, the New VEBA and MLC in connection with the formation of General Motors Company and the completion of the 363 Sale. The consideration paid for these securities with respect to each of the UST, Canada Holdings, the New VEBA and MLC is as follows:

UST

- The UST s existing credit agreement with Old GM;
- The UST s portion of the DIP Facility (other than debt assumed by us or MLC s wind down facility) and all of the rights and obligations as lender thereunder;
- The warrants previously issued to the UST by Old GM; and
- Any additional amounts loaned by the UST to Old GM prior to the closing of the 363 Sale with respect to each of the foregoing UST credit facilities.

Canada Holdings

- Certain existing loans made to GMCL;
- Canada Holding s portion of the DIP Facility (other than debt assumed by us or Old GM s wind down facility); and
- The loans made to us under the Canadian Loan Agreement immediately following the closing of the 363 Sale.

New VEBA

- The compromise of certain claims against Old GM existing under the previous settlement agreement between Old GM and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) relating to retiree medical benefits.

MLC

- The assets transferred to us offset by the liabilities assumed by us pursuant to the Purchase Agreement.

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Effect of Chapter 11 Proceedings and 363 Sale on Old GM s July 9, 2009 Balance Sheet

The following table summarizes the adjustments to Old GM s Managerial balance sheet as a result of Old GM s Chapter 11 Proceedings and the 363 Sale and presents our Managerial balance sheet at July 10, 2009. These adjustments do not include adjustments that will result from the application of fresh-start reporting, which will result in material changes to these adjustments and to our Managerial balance sheet at July 10, 2009, as discussed previously.

	Predecessor	Components of Liabilities Subject to Compromise	Predecessor As adjusted July 9, 2009	Reorganization Adjustments	Successor after Reorganization Adjustments July 10, 2009
ASSETS					
Current Assets					