

General Motors Co
Form 10-Q
October 25, 2016

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549-1004

Form 10-Q

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from _____ to _____

Commission file number 001-34960

GENERAL MOTORS COMPANY

(Exact name of registrant as specified in its charter)

STATE OF DELAWARE 27-0756180

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

300 Renaissance Center, Detroit, Michigan 48265-3000

(Address of principal executive offices) (Zip Code)

(313) 556-5000

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

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

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

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 "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer 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

As of October 18, 2016 the number of shares outstanding of common stock was 1,524,343,989 shares.

INDEX

	Page
PART I	
Item 1. Condensed Consolidated Financial Statements	<u>1</u>
Condensed Consolidated Income Statements (Unaudited)	<u>1</u>
Condensed Consolidated Statements of Comprehensive Income (Unaudited)	<u>1</u>
Condensed Consolidated Balance Sheets (Unaudited)	<u>2</u>
Condensed Consolidated Statements of Cash Flows (Unaudited)	<u>3</u>
Condensed Consolidated Statements of Equity (Unaudited)	<u>4</u>
Notes to Condensed Consolidated Financial Statements	<u>5</u>
Note 1. Nature of Operations and Basis of Presentation	<u>5</u>
Note 2. Acquisition of Business	<u>5</u>
Note 3. Marketable Securities	<u>6</u>
Note 4. GM Financial Receivables	<u>6</u>
Note 5. Inventories	<u>8</u>
Note 6. Equity in Net Assets of Nonconsolidated Affiliates	<u>8</u>
Note 7. Variable Interest Entities	<u>8</u>
Note 8. Automotive and GM Financial Debt	<u>9</u>
Note 9. Product Warranty and Related Liabilities	<u>10</u>
Note 10. Pensions and Other Postretirement Benefits	<u>10</u>
Note 11. Commitments and Contingencies	<u>11</u>
Note 12. Income Taxes	<u>16</u>
Note 13. Restructuring and Other Initiatives	<u>17</u>
Note 14. Stockholders' Equity	<u>18</u>
Note 15. Earnings Per Share	<u>19</u>
Note 16. Segment Reporting	<u>19</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>21</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>42</u>
Item 4. Controls and Procedures	<u>42</u>
PART II	
Item 1. Legal Proceedings	<u>43</u>
Item 1A. Risk Factors	<u>43</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>43</u>
Item 6. Exhibits	<u>44</u>
Signature	<u>45</u>

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

Item 1. Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENTS

(In millions, except per share amounts) (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
Net sales and revenue				
Automotive	\$40,334	\$ 37,140	\$115,618	\$ 108,174
GM Financial	2,491	1,703	6,844	4,561
Total net sales and revenue	42,825	38,843	122,462	112,735
Costs and expenses				
Automotive cost of sales	34,778	32,058	99,793	95,329
GM Financial interest, operating and other expenses	2,306	1,506	6,255	3,992
Automotive selling, general and administrative expense	2,724	4,282	8,389	10,376
Total costs and expenses	39,808	37,846	114,437	109,697
Operating income	3,017	997	8,025	3,038
Automotive interest expense	148	112	422	330
Interest income and other non-operating income, net	122	119	379	373
Equity income (Note 6)	497	502	1,717	1,579
Income before income taxes	3,488	1,506	9,699	4,660
Income tax expense (Note 12)	776	165	2,206	1,271
Net income	2,712	1,341	7,493	3,389
Net loss attributable to noncontrolling interests	61	18	99	32
Net income attributable to common stockholders	\$2,773	\$ 1,359	\$7,592	\$ 3,421
Earnings per share (Note 15)				
Basic				
Basic earnings per common share	\$1.79	\$ 0.86	\$4.90	\$ 2.14
Weighted-average common shares outstanding	1,550	1,577	1,548	1,597
Diluted				
Diluted earnings per common share	\$1.76	\$ 0.84	\$4.81	\$ 2.07
Weighted-average common shares outstanding	1,574	1,618	1,578	1,655
Dividends declared per common share	\$0.38	\$ 0.36	\$1.14	\$ 1.02

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions) (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
Net income	\$2,712	\$ 1,341	\$7,493	\$ 3,389
Other comprehensive income (loss), net of tax (Note 14)				
Foreign currency translation adjustments and other	(92	) (643	) (27	) (594
Defined benefit plans	30	154	79	643

Edgar Filing: General Motors Co - Form 10-Q

Other comprehensive income (loss), net of tax	(62	) (489	)	52	49
Comprehensive income	2,650	852		7,545	3,438
Comprehensive loss attributable to noncontrolling interests	75	16		130	22
Comprehensive income attributable to common stockholders	\$2,725	\$ 868		\$7,675	\$ 3,460

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

1

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In millions, except share and per share amounts) (Unaudited)

	September 30, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,932	\$ 15,238
Marketable securities (Note 3)	8,172	8,163
Restricted cash (Note 3; Note 7 at VIEs)	1,644	1,590
Accounts and notes receivable, net	10,737	8,337
GM Financial receivables, net (Note 4; Note 7 at VIEs)	20,495	18,051
Inventories (Note 5)	15,427	13,764
Equipment on operating leases, net	2,055	2,783
Other current assets	2,034	1,482
Total current assets	76,496	69,408
Non-current Assets		
Restricted cash (Note 3; Note 7 at VIEs)	581	583
GM Financial receivables, net (Note 4; Note 7 at VIEs)	20,299	18,500
Equity in net assets of nonconsolidated affiliates (Note 6)	8,645	9,201
Property, net	34,713	31,229
Goodwill and intangible assets, net	6,354	5,947
GM Financial equipment on operating leases, net (Note 7 at VIEs)	31,775	20,172
Deferred income taxes (Note 1)	35,025	36,860
Other assets	3,688	2,438
Total non-current assets	141,080	124,930
Total Assets	\$ 217,576	\$ 194,338
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	\$ 28,628	\$ 24,062
Short-term debt and current portion of long-term debt (Note 8)		
Automotive	1,012	817
GM Financial (Note 7 at VIEs)	24,362	18,745
Accrued liabilities	28,533	27,593
Total current liabilities	82,535	71,217
Non-current Liabilities		
Long-term debt (Note 8)		
Automotive	9,740	7,948
GM Financial (Note 7 at VIEs)	43,986	35,601
Postretirement benefits other than pensions (Note 10)	5,621	5,685
Pensions (Note 10)	17,595	20,911
Other liabilities	13,084	12,653
Total non-current liabilities	90,026	82,798
Total Liabilities	172,561	154,015
Commitments and contingencies (Note 11)		
Equity (Note 14)		
Common stock, \$0.01 par value	15	15

Edgar Filing: General Motors Co - Form 10-Q

Additional paid-in capital	27,241	27,607	
Retained earnings	25,417	20,285	
Accumulated other comprehensive loss	(7,953) (8,036)
Total stockholders' equity	44,720	39,871	
Noncontrolling interests	295	452	
Total Equity	45,015	40,323	
Total Liabilities and Equity	\$ 217,576	\$ 194,338	

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

2

Table of Contents

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

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Cash flows from operating activities		
Net income	\$7,493	\$ 3,389
Depreciation, amortization and impairment charges	7,557	5,908
Foreign currency remeasurement and transaction losses	270	911
Undistributed earnings of nonconsolidated affiliates, net	400	163
Pension contributions and OPEB payments	(3,106)	(1,196)
Pension and OPEB (income) expense, net	(423)	246
Provision for deferred taxes	1,921	494
Change in other operating assets and liabilities	(1,583)	(446)
Net cash provided by operating activities	12,529	9,469
Cash flows from investing activities		
Expenditures for property	(6,906)	(5,324)
Available-for-sale marketable securities, acquisitions	(8,613)	(6,868)
Trading marketable securities, acquisitions	(249)	(1,028)
Available-for-sale marketable securities, liquidations	8,090	7,485
Trading marketable securities, liquidations	846	1,441
Acquisition of companies/investments, net of cash acquired	(804)	(928)
Increase in restricted cash	(486)	(599)
Decrease in restricted cash	402	310
Purchases of finance receivables, net	(13,230)	(13,101)
Principal collections and recoveries on finance receivables	9,904	8,718
Purchases of leased vehicles, net	(15,051)	(11,036)
Proceeds from termination of leased vehicles	1,801	662
Other investing activities	172	89
Net cash used in investing activities	(24,124)	(20,179)
Cash flows from financing activities		
Net increase in short-term debt	508	487
Proceeds from issuance of debt (original maturities greater than three months)	32,536	24,816
Payments on debt (original maturities greater than three months)	(17,437)	(12,323)
Payments to purchase common stock	(1,501)	(2,888)
Dividends paid	(1,782)	(1,678)
Other financing activities	(119)	(70)
Net cash provided by financing activities	12,205	8,344
Effect of exchange rate changes on cash and cash equivalents	84	(1,155)
Net increase (decrease) in cash and cash equivalents	694	(3,521)
Cash and cash equivalents at beginning of period	15,238	18,954
Cash and cash equivalents at end of period	\$15,932	\$ 15,433
Significant Non-cash Investing Activity		
Non-cash property additions	\$4,688	\$ 4,192
Non-cash business acquisition (Note 2)	\$290	

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

3

Table of Contents

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

	Common Stockholders'					Total
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Equity
Balance at January 1, 2015	\$ 16	\$ 28,937	\$ 14,577	\$ (8,073)	\$ 567	\$ 36,024
Net income	—	—	3,421	—	(32)	3,389
Other comprehensive income	—	—	—	39	10	49
Purchase of common stock	—	(1,441)	(1,447)	—	—	(2,888)
Exercise of common stock warrants	—	44	—	—	—	44
Stock based compensation	—	204	(21)	—	—	183
Cash dividends paid on common stock	—	—	(1,618)	—	—	(1,618)
Dividends declared or paid to noncontrolling interests	—	—	—	—	(72)	(72)
Other	—	—	—	—	24	24
Balance at September 30, 2015	\$ 16	\$ 27,744	\$ 14,912	\$ (8,034)	\$ 497	\$ 35,135
Balance at January 1, 2016	\$ 15	\$ 27,607	\$ 20,285	\$ (8,036)	\$ 452	\$ 40,323
Net income	—	—	7,592	—	(99)	7,493
Other comprehensive income (loss)	—	—	—	83	(31)	52
Issuance of common stock	—	290	—	—	—	290
Purchase of common stock	—	(820)	(681)	—	—	(1,501)
Exercise of common stock warrants	—	59	—	—	—	59
Stock based compensation	—	105	(16)	—	—	89
Cash dividends paid on common stock	—	—	(1,763)	—	—	(1,763)
Dividends declared or paid to noncontrolling interests	—	—	—	—	(25)	(25)
Other	—	—	—	—	(2)	(2)
Balance at September 30, 2016	\$ 15	\$ 27,241	\$ 25,417	\$ (7,953)	\$ 295	\$ 45,015

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Basis of Presentation

General Motors Company (sometimes referred to in this Quarterly Report on Form 10-Q as we, our, us, ourselves, the Company, General Motors or GM) designs, builds and sells cars, trucks, crossovers and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial). We analyze the results of our business through the following 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 certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. Accordingly they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The accompanying condensed consolidated financial statements include all adjustments, which consist of normal recurring adjustments and transactions or events discretely impacting the interim periods, considered necessary by management to fairly state our results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2015 Form 10-K. Except for per share amounts or as otherwise specified, dollar amounts presented within tables are stated in millions.

Effective January 1, 2016 we retrospectively adopted Accounting Standards Update (ASU) 2015-17, Balance Sheet Classification of Deferred Taxes, which requires all deferred tax assets and liabilities to be classified as non-current. As a result current Deferred income taxes and Accrued liabilities decreased by \$8.6 billion and \$249 million and non-current Deferred income taxes increased by \$8.4 billion at December 31, 2015 in our condensed consolidated balance sheets.

In February 2016 ASU 2016-02, Leases (ASU 2016-02) was issued which requires the lessee to recognize most leases on the balance sheet thereby resulting in the recognition of lease assets and liabilities for those leases currently classified as operating leases. The accounting for leases where we are the lessor is largely unchanged. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018 with early adoption permitted. We are currently assessing the impact ASU 2016-02 will have on our consolidated financial statements.

In June 2016 ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), was issued that requires entities to use a Current Expected Credit Loss model which is a new impairment model based on expected losses rather than incurred losses. Under this model, an entity would recognize an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost. The entity's estimate would consider relevant information about past events, current conditions and reasonable and supportable forecasts, which will result in recognition of lifetime expected credit losses by GM Financial upon loan origination. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019 with early adoption permitted for annual reporting periods beginning after December 15, 2018. We are currently assessing the impact ASU 2016-13 will have on our consolidated financial statements.

Note 2. Acquisition of Business

On May 12, 2016 we acquired all of the outstanding capital stock of Cruise Automation, Inc. (Cruise), an autonomous vehicle technology company, to further accelerate our development of autonomous vehicles. The deal consideration at closing was \$581 million, of which \$291 million was paid in cash and approximately \$290 million was paid through the issuance of new common stock. The fair value of the common stock issued was determined based on the closing price of our common stock on May 12, 2016. In conjunction with the acquisition, we entered into other agreements that will result in future costs contingent upon the continued employment of key individuals and additional performance-based awards contingent upon the achievement of specific technology and commercialization milestones.

Of the total consideration, \$130 million was allocated to intangible assets, primarily in-process research and development with an indefinite life until fully developed and commercialized, \$39 million was allocated to deferred tax liabilities, net of other assets, and \$490 million was allocated to non-tax-deductible goodwill in GMNA primarily related to the synergies expected to arise as a result of the acquisition.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The results of operations associated with this acquisition were not significant to our condensed consolidated financial statements. Accordingly, pro forma financial information is not presented. We have included the financial results of Cruise in our condensed consolidated financial statements from the date of acquisition.

Note 3. Marketable Securities

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

	Fair Value Level	September 30, 2016	December 31, 2015
Cash, cash equivalents and time deposits		\$ 7,630	\$ 7,730
Available-for-sale securities			
U.S. government and agencies	2	\$ 4,718	\$ 5,329
Corporate and other debt securities	2	8,169	6,267
Money market funds	1	1,192	2,275
Sovereign debt	2	2,382	1,219
Total available-for-sale securities		16,461	15,090
Trading securities – sovereign debt	2	13	581
Total marketable securities (including securities classified as cash equivalents)		\$ 16,474	\$ 15,671
Restricted cash			
Cash, cash equivalents and time deposits		\$ 613	\$ 833
Available-for-sale securities, primarily money market funds	1	1,612	1,340
Total restricted cash		\$ 2,225	\$ 2,173
Available-for-sale securities included above with contractual maturities			
Due in one year or less		\$ 12,083	
Due between one and five years		3,205	
Total available-for-sale securities with contractual maturities		\$ 15,288	

Marketable securities classified as cash equivalents totaled \$8.3 billion and \$7.5 billion at September 30, 2016 and December 31, 2015 and consisted of corporate debt, sovereign debt and money market funds. Sales proceeds from investments classified as available-for-sale and sold prior to maturity were \$1.6 billion and \$1.1 billion in the three months ended September 30, 2016 and 2015 and \$5.8 billion and \$7.0 billion in the nine months ended September 30, 2016 and 2015. Net unrealized gains and losses on trading securities were insignificant in the three and nine months ended September 30, 2016 and 2015.

Note 4. GM Financial Receivables

	September 30, 2016			December 31, 2015		
	Retail	Commercial	Total	Retail	Commercial	Total
GM Financial receivables	\$32,246	\$ 9,422	\$41,668	\$29,124	\$ 8,209	\$37,333
Less: allowance for loan losses	(822)	(52)	(874)	(735)	(47)	(782)
GM Financial receivables, net	\$31,424	\$ 9,370	\$40,794	\$28,389	\$ 8,162	\$36,551
Fair value of GM Financial receivables			\$41,192			\$36,707

GM Financial estimates the fair value of retail finance receivables using observable and unobservable inputs within a cash flow model, a Level 3 input. The inputs reflect assumptions regarding expected prepayments, deferrals,

delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows is calculated and discounted using a weighted-average cost of capital or current interest rates. The weighted-average cost of capital uses unobservable debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity profile as the portfolio. Macroeconomic factors could affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model. A

6

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

substantial majority of GM Financial's commercial finance receivables have variable interest rates and maturities of one year or less. Therefore, the carrying amount is considered to be a reasonable estimate of fair value using Level 2 inputs.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Allowance for loan losses at beginning of period	\$864	\$ 760	\$782	\$ 695
Provision for loan losses	172	144	519	440
Charge-offs	(294)	(256)	(853)	(710)
Recoveries	134	124	417	357
Effect of foreign currency	(2)	(14)	9	(24)
Allowance for loan losses at end of period	\$874	\$ 758	\$874	\$ 758

The activity for the allowance for commercial loan losses was insignificant in the three and nine months ended September 30, 2016 and 2015.

Retail Finance Receivables GM Financial uses proprietary scoring systems in its underwriting process that measure the credit quality of retail finance receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO scores or its equivalent) and contract characteristics. In addition to GM Financial's proprietary scoring systems, GM Financial considers other individual consumer factors such as employment history, financial stability and capacity to pay. Subsequent to origination GM Financial reviews the credit quality of retail receivables based on customer payment activity. In North America, while we historically focused on consumers with lower than prime credit scores, we have expanded our prime lending programs. At September 30, 2016 and December 31, 2015, 51% and 60% of the retail finance receivables in North America were from consumers with sub-prime credit scores, which are defined as FICO scores or its equivalent of less than 620 at the time of loan origination. At the time of loan origination, substantially all of GM Financial's international consumers have the equivalent of prime credit scores.

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. At September 30, 2016 and December 31, 2015 the accrual of finance charge income had been suspended on delinquent retail finance receivables with contractual amounts due of \$816 million and \$778 million. The following table summarizes the contractual amount of delinquent contracts, which was not significantly different than the recorded investment of the retail finance receivables:

	September 30, 2016			September 30, 2015		
	Amount	Percent of Contractual Amount Due	%	Amount	Percent of Contractual Amount Due	%
31-to-60 days delinquent	\$1,127	3.5	%	\$1,137	4.0	%
Greater-than-60 days delinquent	503	1.5	%	454	1.6	%
Total finance receivables more than 30 days delinquent	1,630	5.0	%	1,591	5.6	%
In repossession	60	0.2	%	53	0.2	%
Total finance receivables more than 30 days delinquent or in repossession	\$1,690	5.2	%	\$1,644	5.8	%

At September 30, 2016 and December 31, 2015 retail finance receivables classified as troubled debt restructurings and individually evaluated for impairment were \$1.8 billion and \$1.6 billion and the allowance for loan losses included \$256 million and \$220 million of specific allowances on these receivables.

Commercial Finance Receivables GM Financial's commercial finance receivables consist of dealer financings, primarily for inventory purchases. A proprietary model is used to assign a risk rating to each dealer. A credit review of each dealer is performed at least annually, and if necessary, the dealer's risk rating is adjusted on the basis of the review. Dealers in Group VI are subject to additional restrictions on funding, up to suspension of lines of credit and liquidation of assets. At September 30, 2016 and December 31, 2015 the commercial finance receivables on non-accrual status were insignificant. The following table summarizes the credit risk profile by dealer risk rating of commercial finance receivables:

7

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	September 30, December 31,	
	2016	2015
Group I – Dealers with superior financial metrics	\$ 1,505	\$ 1,298
Group II – Dealers with strong financial metrics	2,938	2,573
Group III – Dealers with fair financial metrics	3,097	2,597
Group IV – Dealers with weak financial metrics	1,134	1,058
Group V – Dealers warranting special mention due to potential weaknesses	604	501
Group VI – Dealers with loans classified as substandard, doubtful or impaired	144	182
	\$ 9,422	\$ 8,209

Note 5. Inventories

	September 30, 2016				
	GMNA	GME	GMIO	GMSA	Total
Total productive material, supplies and work in process	\$3,648	\$720	\$1,100	\$841	\$6,309
Finished product, including service parts	4,497	2,470	1,322	829	9,118
Total inventories	\$8,145	\$3,190	\$2,422	\$1,670	\$15,427
	December 31, 2015				
	GMNA	GME	GMIO	GMSA	Total
Total productive material, supplies and work in process	\$2,705	\$713	\$1,113	\$616	\$5,147
Finished product, including service parts	4,884	2,166	954	613	8,617
Total inventories	\$7,589	\$2,879	\$2,067	\$1,229	\$13,764

Note 6. Equity in Net Assets of Nonconsolidated Affiliates

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Automotive China JVs equity income	\$ 459	\$ 463	\$1,448	\$ 1,485
Other joint ventures equity income	38	39	269	94
Total Equity income	\$ 497	\$ 502	\$1,717	\$ 1,579

There have been no significant ownership changes in our Automotive China joint ventures (Automotive China JVs) since December 31, 2015.

Dividends received from our nonconsolidated affiliates were insignificant and \$315 million in the three months ended September 30, 2016 and 2015 and \$2.0 billion and \$1.7 billion in the nine months ended September 30, 2016 and 2015. At September 30, 2016 and December 31, 2015 we had undistributed earnings of \$1.8 billion and \$2.2 billion related to our nonconsolidated affiliates.

Note 7. Variable Interest Entities

GM Financial uses special purpose entities (SPEs) that are considered variable interest entities (VIEs) to issue variable funding notes to third party bank-sponsored warehouse facilities or asset-backed securities to investors in securitization transactions. The debt issued by these VIEs is backed by finance receivables and leasing related assets transferred by GM Financial to the VIEs (Securitized Assets). GM Financial determined that it is the primary beneficiary of the SPEs because: (1) the servicing responsibilities for the Securitized Assets give GM Financial the power to direct the activities that most significantly impact the performance of the VIEs; and (2) the variable interests in the VIEs give GM Financial the obligation to absorb losses and the right to receive residual returns that could

potentially be significant. The assets serve as the sole source of repayment for the debt issued by these entities. Investors in the notes issued by the VIEs do not have recourse to GM Financial or its other assets, with the exception of customary representation and warranty repurchase provisions and indemnities that GM Financial provides as the servicer. GM Financial is not required and does not currently intend to provide additional financial support to these SPEs. While

8

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

these subsidiaries are included in GM Financial's condensed consolidated financial statements, they are separate legal entities and their assets are legally owned by them and are not available to GM Financial's creditors. The following table summarizes the assets and liabilities related to GM Financial's consolidated VIEs:

	September 30, December 31,	
	2016	2015
Restricted cash – current	\$ 1,466	\$ 1,345
Restricted cash – non-current	\$ 537	\$ 531
GM Financial receivables, net of fees – current	\$ 12,878	\$ 12,224
GM Financial receivables, net of fees – non-current	\$ 11,411	\$ 12,597
GM Financial equipment on operating leases, net	\$ 18,243	\$ 11,684
GM Financial short-term debt and current portion of long-term debt	\$ 16,726	\$ 13,545
GM Financial long-term debt	\$ 17,491	\$ 15,841

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

Note 8. Automotive and GM Financial Debt

	September 30,		December 31,	
	2016		2015	
	Carrying Fair		Carrying Fair	
	Amount	Value	Amount	Value
Total automotive debt	\$10,752	\$12,148	\$8,765	\$9,088
Fair value utilizing Level 1 inputs		\$9,985		\$6,972
Fair value utilizing Level 2 inputs		\$2,163		\$2,116

The fair value of automotive debt measured utilizing Level 1 inputs was based on quoted prices in active markets for identical instruments that a market participant can access at the measurement date. The fair value of automotive debt measured utilizing Level 2 inputs was based on a discounted cash flow model using observable inputs. This model utilizes observable inputs such as contractual repayment terms and benchmark yield curves, plus a spread based on our senior unsecured notes that is intended to represent our nonperformance risk. We obtain the benchmark yield curves and yields on unsecured notes from independent sources that are widely used in the financial industry. At September 30, 2016 and December 31, 2015 the fair value of automotive debt exceeded its carrying amount due primarily to a decrease in bond yields compared to yields at the time of issuance.

In February 2016 we issued \$2.0 billion in aggregate principal amount of senior unsecured notes comprising \$1.25 billion of 6.60% notes due in 2036 and \$750 million of 6.75% notes due in 2046. These notes contain terms and covenants customary of these types of securities including limitations on the amount of certain secured debt we may incur. The net proceeds from the issuance of these senior unsecured notes were used to fund discretionary contributions to our U.S. hourly pension plan as described in Note 10.

In May 2016 we amended and restated our two primary revolving credit facilities, increasing our aggregate borrowing capacity from \$12.5 billion to \$14.5 billion. These facilities consist of a three-year, \$4.0 billion facility and a five-year, \$10.5 billion facility. Both facilities are available to us as well as certain wholly-owned subsidiaries, including GM Financial. The three-year, \$4.0 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of \$1.0 billion and a letter of credit sub-facility of \$1.0

billion. The five-year, \$10.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of \$3.0 billion and a letter of credit sub-limit of \$500 million.

The revolving credit facilities require us to maintain at least \$4.0 billion in global liquidity and at least \$2.0 billion in U.S. liquidity. If we fail to maintain an investment grade corporate rating from at least two of the following credit rating agencies: Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P), certain subsidiaries of ours will be required to provide guarantees under the terms of the revolving credit facilities. Interest rates on obligations under the revolving credit facilities are based on prevailing annual interest rates for Eurodollar loans or an alternative base rate, plus an applicable margin.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	September 30, 2016		December 31, 2015	
	Carrying Fair Amount Value		Carrying Fair Amount Value	
Secured debt	\$35,237	\$35,418	\$30,689	\$30,671
Unsecured debt	33,111	33,974	23,657	23,726
Total GM Financial debt	\$68,348	\$69,392	\$54,346	\$54,397
Fair value utilizing Level 2 inputs		\$64,432		\$48,716
Fair value utilizing Level 3 inputs		\$4,960		\$5,681

The fair value of GM Financial debt measured utilizing Level 2 inputs was based on quoted market prices for identical instruments and if unavailable, quoted market prices of similar instruments. For debt that has terms of one year or less or has been priced within the last six months, the carrying amount or par value is considered to be a reasonable estimate of fair value. The fair value of GM Financial debt measured utilizing Level 3 inputs was based on the discounted future net cash flows expected to be settled using current risk-adjusted rates.

Secured debt consists of revolving credit facilities and securitization notes payable. Most of the secured debt was issued by VIEs and is repayable only from proceeds related to the underlying pledged Securitized Assets. Refer to Note 7 for additional information on GM Financial's involvement with VIEs. In the nine months ended September 30, 2016 GM Financial issued securitization notes payable of \$11.8 billion and entered into new or renewed credit facilities with a total net additional borrowing capacity of \$3.1 billion, which had substantially the same terms as existing debt.

Unsecured debt consists of senior notes, credit facilities, retail customer deposits and other unsecured debt. In March 2016 GM Financial issued \$2.75 billion in aggregate principal amount of senior notes comprising \$1.5 billion of 4.20% notes due in March 2021 and \$1.25 billion of 5.25% notes due in March 2026. In May 2016 GM Financial issued \$3.0 billion in aggregate principal amount of senior notes comprising \$1.4 billion of 2.40% notes due in May 2019, \$1.2 billion of 3.70% notes due in May 2023 and \$400 million of floating rate notes due in May 2019. Also in May 2016 GM Financial issued Euro 500 million of 1.168% term notes due in May 2020. In July 2016 GM Financial issued \$2.0 billion of 3.20% senior notes due in July 2021. In September 2016 GM Financial issued Euro 750 million of 0.955% term notes due in September 2023. In October 2016 GM Financial issued \$1.75 billion in aggregate principal amount of senior notes comprising \$750 million of 2.35% notes due in October 2019, \$750 million of 4.00% notes due in October 2026 and \$250 million of floating rate notes due in October 2019. Each of these notes contain terms and covenants including limitations on GM Financial's ability to incur certain liens.

GM Financial accepts deposits from retail banking customers in Germany. At September 30, 2016 and December 31, 2015 the outstanding balance of these deposits was \$1.9 billion and \$1.3 billion, of which 41% and 44% were overnight deposits.

Note 9. Product Warranty and Related Liabilities

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Warranty balance at beginning of period	\$9,366	\$ 9,296	\$9,279	\$ 9,646
	324	299	698	685

Edgar Filing: General Motors Co - Form 10-Q

Warranties issued and assumed in period – recall campaigns and courtesy transportation				
Warranties issued and assumed in period – policy and product warranty	671	576	1,883	1,742
Payments	(947)	(939)	(2,782)	(3,045)
Adjustments to pre-existing warranties	95	132	384	461
Effect of foreign currency and other	6	(111)	53	(236)
Warranty balance at end of period	\$9,515	\$ 9,253	\$9,515	\$ 9,253

Note 10. Pensions and Other Postretirement Benefits

10

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended			Three Months Ended		
	September 30, 2016			September 30, 2015		
	Pension Benefits	Global	OPEB	Pension Benefits	Global	OPEB
	U.S.	Non-U.S.	Plans	U.S.	Non-U.S.	Plans
Service cost	\$96	\$ 109	\$ 4	\$101	\$ 116	\$ 6
Interest cost	553	140	50	689	184	59
Expected return on plan assets	(945)	(179)	—	(974)	(193)	—
Amortization of prior service cost (credit)	(1)	3	(3)	(1)	3	(4)
Amortization of net actuarial (gains) losses	(6)	48	5	2	59	10
Net periodic pension and OPEB (income) expense	\$(303)	\$ 121	\$ 56	\$(183)	\$ 169	\$ 71
	Nine Months Ended			Nine Months Ended		
	September 30, 2016			September 30, 2015		
	Pension Benefits	Global	OPEB	Pension Benefits	Global	OPEB
	U.S.	Non-U.S.	Plans	U.S.	Non-U.S.	Plans
Service cost	\$287	\$ 283	\$ 13	\$304	\$ 311	\$ 18
Interest cost	1,659	424	150	2,066	575	178
Expected return on plan assets	(2,834)	(540)	—	(2,922)	(598)	—
Amortization of prior service cost (credit)	(3)	9	(10)	(3)	11	(10)
Amortization of net actuarial (gains) losses	(19)	143	15	6	175	27
Curtailments, settlements and other	—	—	—	—	108	—
Net periodic pension and OPEB (income) expense	\$(910)	\$ 319	\$ 168	\$(549)	\$ 582	\$ 213

Effective January 2016 the discount rate used to determine the service cost and interest cost for our pension and other postretirement benefits (OPEB) plans was based on individual annual yield curve rates. This refinement is considered a change in estimate and has been applied prospectively. The use of the individual annual yield curve rates has reduced the service cost and interest cost by \$192 million and \$577 million in the three and nine months ended September 30, 2016, which will be offset in the actuarial gains and losses upon the next remeasurement of the plans' obligations.

We made discretionary contributions to our U.S. hourly pension plan of \$2.0 billion in the nine months ended September 30, 2016. These discretionary contributions were funded with the net proceeds from the issuance of the automotive senior unsecured notes described in Note 8.

The curtailment charges recorded in the nine months ended September 30, 2015 were due primarily to the General Motors of Canada Company (GM Canada) hourly pension plan that was remeasured as a result of a voluntary separation program.

Note 11. Commitments and Contingencies

Litigation-Related Liability and Tax Administrative Matters In the normal course of business, we are named from time to time as a defendant in various legal actions, including arbitrations, class actions and other litigation, that arise in connection with our business as a global company. We identify below the material individual proceedings and investigations in connection with which we believe a material loss is reasonably possible or probable. We accrue for matters when we believe that losses are probable and can be reasonably estimated. At September 30, 2016 and December 31, 2015 accruals were \$1.3 billion and \$1.2 billion and were recorded in Accrued liabilities and Other

liabilities. In many proceedings, it is inherently difficult to determine whether any loss is probable or even reasonably possible or to estimate the size or range of the possible loss. Accordingly an adverse outcome from such proceedings could exceed the amounts accrued by an amount that could be material to our financial position, results of operations or cash flows in any particular reporting period.

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Through October 19, 2016 we were aware of 100 putative class actions pending against GM in various federal and state trial courts in the U.S. and 17 putative class actions pending in various Provincial Courts in Canada alleging that consumers who purchased or leased vehicles manufactured by GM or General Motors Corporation had been economically harmed by one or more of the recalls announced in 2014 and/or the underlying vehicle conditions associated with those recalls (economic-loss cases). In general, these economic-loss cases seek recovery for purported compensatory damages, such as alleged benefit-of-the-bargain damage or damages related to alleged diminution in value of the vehicles, as well as punitive damages, injunctive relief and other relief. There are also two civil actions brought by state governmental entities relating to the 2014 recalls that seek injunctive relief as well as civil penalties and attorneys' fees for alleged violations of state laws.

Through October 19, 2016 we were aware of 286 actions pending in various federal and state trial courts in the U.S. and 18 actions pending in various Provincial Courts in Canada alleging injury or death as a result of defects that may be the subject of recalls announced in 2014 (personal injury cases). In general, these personal injury cases seek recovery for purported compensatory damages, punitive damages and other relief.

Since June 2014 the United States Judicial Panel on Multidistrict Litigation (JPML) has issued orders from time to time directing that certain pending economic-loss and personal injury federal lawsuits involving faulty or allegedly faulty ignition switches or other defects that may be related to the recalls announced in 2014 be transferred to, and consolidated in, a single federal court, the Southern District of New York (the multidistrict litigation). Through October 19, 2016 the JPML has transferred 306 pending cases to, and consolidated them with, the multidistrict litigation. At the court's suggestion, the parties to the multidistrict litigation engage from time to time in discussions of possible mechanisms to resolve pending litigation. Since September 17, 2015 we have reached various agreements with certain personal injury claimants regarding possible settlement of their claims.

In order to facilitate the resolution of the multidistrict litigation, the Southern District of New York (the district court) scheduled six cases involving personal injury for bellwether trials in 2016 (i.e., trials designed to be representative of the group of personal injury cases in the multidistrict litigation). Through October 19, 2016 two of the cases set for bellwether trials were dismissed with prejudice by the plaintiffs. In a third bellwether trial, a jury returned a verdict finding that GM was not liable to the plaintiffs. In the remaining three federal cases set for bellwether trials in 2016, GM and the plaintiffs entered into confidential settlement agreements to resolve those cases prior to trial. The district court has scheduled additional personal injury bellwether trials for 2017 and 2018. In addition to the federal bellwether trials, a Texas state court administering a Texas state court multidistrict litigation scheduled two bellwether trials in August and September 2016. In the first case, tried in August 2016, a jury returned a verdict finding that GM was not liable to the plaintiffs. In the second case, the Texas state court granted summary judgment to GM and dismissed plaintiff's case before the trial commenced. Each bellwether trial will be tried on its facts and the result of any subsequent bellwether trial may be different from the earlier bellwether trials.

On July 15, 2016 the district court overseeing the federal multidistrict litigation issued a ruling on GM's motion to dismiss plaintiffs' complaint seeking damages for alleged economic losses relating to the ignition switch and other recalls by GM in 2014. The district court granted GM's motion in part and denied it in part. The district court dismissed plaintiffs' claims brought under the Racketeer Influenced and Corrupt Organization Act, and those brought by any plaintiff whose vehicle was not allegedly defective when sold. The district court also rejected plaintiffs' broadest theory of damages – that plaintiffs could seek recovery for alleged reduction in the value of their vehicles due to damage to GM's reputation and brand as a result of the ignition switch matter. The district court also held that plaintiffs did not have a common basis for their claims across all defects and models to proceed as a single class, and that the remaining claims may have to proceed individually or in subclasses of vehicles affected by a common defect.

Further, the district court held that the named plaintiffs may assert claims only on behalf of owners of the same vehicle models that they themselves purchased (or leased) or models with sufficiently similar defects, and that it will not specify the specific permissible class claims until the class-certification stage. Finally, the district court granted GM's motion to dismiss with respect to certain state law claims but denied it as to other state law claims. The court held that the viability of state law claims will depend on each state's specific laws and plaintiffs' specific factual allegations. While the ruling is limited to post-bankruptcy claims, we believe the district court's legal holdings rejecting plaintiffs' broadest damages theory and dismissing certain other claims should apply to similarly limit plaintiffs' pre-bankruptcy claims. On September 15, 2016, plaintiffs filed a Fourth Amended Consolidated Complaint, amending their economic loss claims.

Because many plaintiffs in the actions described in the above paragraphs are suing over the conduct of General Motors Corporation or vehicles manufactured by that entity for liabilities not expressly assumed by GM, we moved to enforce the terms of the July 2009 Sale Order and Injunction (2009 Sale Order) issued by the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court) to preclude claims from being asserted against us for, among other things, personal injuries based on pre-sale accidents, any economic-loss claims based on acts or conduct of General Motors Corporation and claims asserting successor

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

liability for obligations owed by General Motors Corporation (successor liability claims). On April 15, 2015 the Bankruptcy Court issued a decision precluding claims against us based upon pre-sale accidents, claims based upon the acts or conduct by General Motors Corporation and successor liability claims, except for claims asserting liabilities that had been expressly assumed by us in the July 2009 Sale Agreement, and claims that could be asserted against us only if they were otherwise viable and arose solely out of our own independent post-closing acts and did not in any way rely on acts or conduct by General Motors Corporation. Plaintiffs appealed the Bankruptcy Court's decision and we cross appealed with respect to certain issues to preserve our rights.

On July 13, 2016 a three judge panel of the United States Court of Appeals for the Second Circuit (Second Circuit) issued a decision and judgment affirming in part, reversing in part, and vacating portions of the Bankruptcy Court's April 15, 2015 decision and subsequent judgment. Among other things, the Second Circuit held that the 2009 Sale Order could not be enforced to bar claims against GM asserted by either plaintiffs who purchased used vehicles after the sale closing or against purchasers who asserted claims relating to the ignition switch defect, including pre-closing personal injury claims and economic loss claims. The Second Circuit also vacated that portion of the Bankruptcy Court judgment enforcing the 2009 Sale Order against plaintiffs with pre-sale claims based on defects other than the ignition switch and remanded that issue to the Bankruptcy Court for further proceedings. The Second Circuit denied our request for an en banc review of the panel's decision and judgment and we now intend to appeal the Second Circuit's decision to the United States Supreme Court. In 2014, GM voluntarily established the Ignition Switch Recall Compensation Program, administered by an independent administrator, which provided compensation for individuals who suffered personal injuries resulting from the ignition switch defect, both before and after bankruptcy. As a result, certain pre-closing personal injury claims relating to the ignition switch defect were resolved through this program. Refer to the Ignition Switch Recall Compensation Program section below for a discussion of the payments made under this program through September 30, 2016.

In addition on December 4, 2015 the Bankruptcy Court issued a judgment regarding certain issues, including the extent to which punitive damages could be asserted against GM based on claims in connection with vehicles manufactured by General Motors Corporation, for which GM assumed liability in the 2009 Sale Agreement. Various groups of plaintiffs have appealed that decision to the district court overseeing the multidistrict litigation.

In the putative shareholder class action filed in the United States District Court for the Eastern District of Michigan (Eastern District) on behalf of purchasers of our common stock from November 17, 2010 to July 24, 2014 (Shareholder Class Action), the lead plaintiff, the New York State Teachers' Retirement System alleged that GM and several current and former officers and employees made material misstatements and omissions relating to problems with the ignition switch and other matters in SEC filings and other public statements.

On February 11, 2016 the Delaware Supreme Court affirmed the dismissal of four consolidated shareholder derivative actions that had been pending in the Delaware Chancery Court. In light of the Delaware Supreme Court's decision, proceedings have resumed in the two consolidated shareholder derivative actions in the Eastern District that had been stayed pending disposition of the Delaware cases and the Eastern District is now considering our motion to dismiss in those actions. In early 2016 an additional shareholder derivative action was filed in the Eastern District against certain current and former GM directors and officers making similar allegations to the two other shareholder derivative actions that are pending in the Eastern District. This most recent derivative action has been transferred to the same judge handling those two other shareholder derivative actions. Two derivative actions filed in the Circuit Court of Wayne County, Michigan, have been consolidated and remain stayed pending disposition of the federal derivative actions.

In connection with the 2014 recalls, various investigations, inquiries and complaints have been received from the United States Attorney's Office for the Southern District of New York (the Office), Congress, the SEC, Transport Canada and 50 state attorneys general. In connection with the foregoing we have received subpoenas and requests for additional information and we have participated in discussions with various governmental authorities. We have not received inquiries from the committees in Congress for a substantial period of time and are unaware of any further action they may take. On June 3, 2015 we received notice of an investigation by the Federal Trade Commission (FTC) concerning certified pre-owned vehicle advertising where dealers had certified vehicles that allegedly needed recall repairs. On January 28, 2016 the FTC published a proposed consent agreement for public comment. The public comment period has closed; the matter remains pending before the FTC. We believe we are cooperating fully with all pending requests for information in ongoing investigations. Such matters could in the future result in the imposition of material damages, fines, civil consent orders, civil and criminal penalties or other remedies.

As described more specifically below, we have resolved, partially or totally, several matters relating to the recalls announced in 2014, including the recognition of additional liabilities for such matters.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

First, with regard to the investigation by the Office, on September 16, 2015 we entered into a Deferred Prosecution Agreement (the DPA) with the Office regarding its investigation of the events leading up to certain recalls regarding faulty ignition switches. Under the DPA we have paid the United States \$900 million as a financial penalty, and we agreed to retain an independent monitor to review and assess our policies, practices or procedures related to statements about motor vehicle safety, the provision of information to those responsible for recall decisions, recall processes and addressing known defects in certified pre-owned vehicles. In addition, the Office agreed to recommend to the U.S. District Court for the Southern District of New York (Southern District) that prosecution of GM on the two-count information filed in the Southern District be deferred for three years. The Office also agreed that if we are in compliance with all of our obligations under the DPA, the Office will, within 30 days after the expiration of the period of deferral (including any extensions thereto), seek dismissal with prejudice of the two-count information filed against GM. For a further description of the terms and conditions of the DPA refer to Note 15 of our 2015 Form 10-K.

Second, on May 23, 2016 the district court entered a judgment approving a class-wide settlement of the Shareholder Class Action described above for \$300 million. One significant shareholder opted out of the settlement prior to approval and one shareholder has filed an appeal of the decision approving the settlement.

Third, on September 17, 2015 we announced we had reached a memorandum of understanding regarding a \$275 million settlement that could potentially cover approximately 1,400 personal injury claimants who have lawsuits pending in the multidistrict litigation or who have otherwise asserted claims related to the ignition switch recall or certain other recalls announced in 2014. In December 2015 the court overseeing the multidistrict litigation established a qualified settlement fund and appointed a special master to administer certain facets of the settlement pursuant to the terms of the memorandum of understanding. The special master commenced his work in the three months ended December 31, 2015 and his work continues.

The total amount accrued at September 30, 2016 for the remaining investigations, claims and/or lawsuits relating to the ignition switch recalls and other related recalls represents a combination of our best single point estimates where determinable and, where no such single point estimate is determinable, our estimate of the low end of the range of probable loss with regard to such matters, if that is determinable. We believe it is probable that we will incur additional liabilities beyond what has already been accrued with regard to at least a portion of the remaining matters, whether through settlement or judgment; however, we are currently unable to estimate an overall amount or range of loss because these matters involve significant uncertainties. The uncertainties include the legal theory or the nature of the investigations, claims and/or lawsuits, the complexity of the facts, the lack of documentation available to us with respect to particular cases or groups of cases, the results of any investigation or litigation and the timing of resolution of the investigation or litigations, including any appeals, and further proceedings following the Second Circuit's July 13 decision and the district court's July 15 decision. We will continue to consider resolution of pending matters involving ignition switch recalls and other recalls where it makes sense to do so.

GM Canada Dealers' Claim On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GM Canada on behalf of a purported class of over 200 former GM Canada dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GM Canada. In May 2009 in the context of the global restructuring of GM's business and the possibility that GM Canada might be required to initiate insolvency proceedings, GM Canada offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GM Canada dealer network and to facilitate winding down their operations in an orderly fashion. The Plaintiff Dealers allege that their Dealer Sales and Service Agreements were wrongly terminated by GM Canada and that GM Canada failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers'

statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" 750 million Canadian Dollars, without explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues. A number of former dealers opted out of participation in the litigation, leaving 181 dealers in the certified class. On July 8, 2015 the Ontario Superior Court dismissed the Plaintiff Dealers' claim against GM Canada. The court also dismissed GM Canada's counterclaim against the Plaintiff Dealers for repayment of the wind-down payments made to them by GM Canada as well as for other relief. All parties have filed notices of appeal. The appeals and cross appeals are scheduled to be heard by the Ontario Court of Appeal in January 2017.

GM Korea Wage Litigation Commencing on or about September 29, 2010 current and former hourly employees of GM Korea Company (GM Korea) filed eight separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in aggregate involve more than 10,000 employees, allege that GM Korea failed to include bonuses and certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. On November 23, 2012 the

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Seoul High Court (an intermediate level appellate court) affirmed a decision of the Incheon District Court in a case involving five GM Korea employees which was contrary to GM Korea's position. GM Korea appealed to the Supreme Court of the Republic of Korea (Supreme Court). On May 29, 2014 the Supreme Court remanded the case to the Seoul High Court for consideration consistent with earlier Supreme Court precedent holding that while fixed bonuses should be included in the calculation of Ordinary Wages, claims for retroactive application of this rule would be barred under certain circumstances. On reconsideration, the Seoul High Court held in GM Korea's favor on October 30, 2015, after which the plaintiffs appealed to the Supreme Court. In July 2014 GM Korea and its labor union also agreed to include bonuses and certain allowances in Ordinary Wages retroactive to March 1, 2014. Therefore our accrual related to these cases was reclassified from a contingent liability to the Pensions liability. We estimate our reasonably possible loss in excess of amounts accrued to be 604 billion South Korean Won (equivalent to \$551 million) at September 30, 2016, which relates to periods before March 1, 2014. We are also party to litigation with current and former salaried employees over allegations relating to Ordinary Wages regulation. On November 26 and 27, 2015 the Supreme Court remanded two salary cases to the Seoul High Court for a review of the merits. Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available. These cases are currently pending before various courts in Korea.

Other Litigation-Related Liability and Tax Administrative Matters Various other legal actions, governmental investigations, claims and proceedings are pending against us including matters arising out of alleged product defects; employment-related matters; governmental regulations relating to product and workplace safety, emissions and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; government regulations relating to payments to foreign companies; government regulations relating to competition issues; tax-related matters not subject to Accounting Standards Codification 740, Income Taxes (indirect tax-related matters); and environmental 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 or provide an alternative form of security which may range from \$300 million to \$700 million at September 30, 2016. 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 September 30, 2016. We believe that appropriate accruals have been established for losses that are probable and can be reasonably estimated. For indirect tax-related matters we estimate our reasonably possible loss in excess of amounts accrued to be up to approximately \$1.0 billion at September 30, 2016.

Takata Matters On May 4, 2016 the National Highway Transportation Safety Administration (NHTSA) issued an amended consent order requiring Takata Corporation (Takata) to file defect information reports (DIRs) for previously unrecalled front airbag inflators that contain an ammonium nitrate-based propellant without a moisture absorbing desiccant on a multi-year, risk-based schedule through 2019 impacting tens of millions of vehicles produced by numerous automotive manufacturers. NHTSA concluded that the likely root cause of the rupturing of the airbag inflators is a function of time, temperature cycling and environmental moisture. On May 16, 2016 Takata issued its first DIR in connection with the amended consent order. Its next DIR is due to be filed on December 31, 2016.

Although we do not believe there is a safety defect at this time in any GM vehicles within the scope of the Takata DIR, in cooperation with NHTSA we filed a Preliminary DIR on May 27, 2016, updated as of June 13, 2016, covering

2.5 million of certain of our GMT900 vehicles, which are full-size pick-up trucks and sport utility vehicles (SUVs). As a result of discussions with NHTSA and as described in the Preliminary DIR, GM believes it will have an opportunity to prove to NHTSA that the inflators in these vehicles do not and will not pose an unreasonable risk to safety. We believe these vehicles are currently performing as designed and ongoing testing continues to support the belief that the vehicles' unique design and integration mitigates against inflator degradation. We presently believe that the results of further testing and analysis will continue to demonstrate that the vehicles do not present an unreasonable risk to safety and that no repair will ultimately be required.

Based, in part, on the results of our testing, analysis and data to date, on September 2, 2016, we filed a petition with NHTSA to delay inclusion of GMT900 vehicles in the Takata DIR equipment schedule from December 31, 2016 until December 31, 2017. We believe that this timeline will permit us to complete our testing of the relevant non-desiccated Takata inflators in GMT900 vehicles.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accordingly, no provision has been made for any repair associated with our vehicles subject to the Preliminary DIR and amended consent order. However, in the event we are ultimately obligated to repair the inflators in these vehicles, we estimate a reasonably possible cost of up to \$320 million for the 2.5 million vehicles subject to the Preliminary DIR and an additional \$550 million for up to 4.3 million vehicles subject to future Takata DIRs under the amended consent order.

On July 28, 2016, a putative class action was filed in the United States District Court for the District of New Jersey claiming that numerous 2003 - 2011 model year GM vehicles are defective because they are equipped with Takata airbags and alleging, among other things, fraud and breach of warranty. The complaint seeks nationwide class certification or, alternatively, certification of various state classes, damages, costs and fees. At this early stage of the proceedings, we are unable to provide an evaluation of the likelihood that a loss will be incurred or an estimate of the amounts or range of possible loss.

Product Liability With respect to product liability claims (other than claims relating to the ignition switch recalls discussed previously) involving our and General Motors Corporation products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. In addition we indemnify dealers for certain product liability related claims including products sold by General Motors Corporation's dealers. At September 30, 2016 and December 31, 2015 liabilities of \$683 million and \$712 million were recorded in Accrued liabilities and Other liabilities for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. In light of vehicle recalls in recent years it is reasonably possible that our accruals for product liability claims may increase in future periods in material amounts, although we cannot estimate a reasonable range of incremental loss based on currently available information.

Ignition Switch Recall Compensation Program In the three months ended June 30, 2014 we created a compensation program (the Program) for accident victims who died or suffered physical injury (or for their families) as a result of a faulty ignition switch related to the 2.6 million vehicles recalled in the three months ended March 31, 2014. The Program is being administered by an independent administrator and accepted claims for review from August 1, 2014 through January 31, 2015. The Program completed its claims review process in the three months ended September 30, 2015, but continues to process acceptances that require court approval and resolve liens related to accepted claims. Accident victims (or their families) that accept a payment under the Program agree to settle all claims against GM related to the accident. The following table summarizes the activity for the Program:

	Nine Months Ended September 30, 2016		September 30, 2015	
Balance at beginning of period	\$66	\$ 315		
Provisions	—	225		
Payments	(53)	(350)		
Balance at end of period	\$13	\$ 190		

Guarantees We enter into indemnification agreements for liability claims involving products manufactured primarily by certain joint ventures. We also provide vehicle repurchase guarantees and payment guarantees on commercial loans outstanding with third parties such as dealers. These guarantees terminate in years ranging from 2016 to 2030, upon

the occurrence of specific events or are ongoing. We believe that the related potential costs incurred are adequately covered and our recorded accruals are insignificant. The maximum liability, calculated as future undiscounted payments, was \$4.4 billion and \$2.6 billion for these guarantees at September 30, 2016 and December 31, 2015, the majority of which relate to the indemnification agreements.

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

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

Note 12. Income Taxes

16

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For interim income tax reporting we estimate our annual effective tax rate and apply it to our year to date ordinary income (loss). Tax jurisdictions with a projected or year to date loss for which a tax benefit cannot be realized are excluded. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. We have open tax years from 2006 to 2015 with various significant tax jurisdictions.

In the three months ended September 30, 2016 income tax expense of \$776 million primarily resulted from tax expense attributable to entities included in our effective tax rate calculation of \$1.2 billion, partially offset by tax benefits related to foreign currency losses and other items. In the three months ended September 30, 2015 income tax expense of \$165 million resulted from tax expense attributable to entities included in our effective tax rate calculation of \$608 million, partially offset by net favorable discrete adjustments related to tax settlements, a valuation allowance reversal and other items.

In the nine months ended September 30, 2016 income tax expense of \$2.2 billion primarily resulted from tax expense attributable to entities included in our effective tax rate calculation of \$3.2 billion, partially offset by tax benefits related to foreign currency losses and other items, tax audit settlements and deductions taken for stock investments in non-U.S. affiliates. In the nine months ended September 30, 2015 income tax expense of \$1.3 billion resulted from tax expense attributable to entities included in our effective tax rate calculation of \$1.9 billion, partially offset by net favorable discrete adjustments related to tax settlements, a valuation allowance reversal and other items.

The \$900 million charge recorded in the three months ended September 30, 2015 for the financial penalty under the DPA was not deductible for income tax purposes. Refer to Note 11 for additional information on the DPA.

At September 30, 2016 we had \$34.4 billion of net deferred tax assets consisting of: (1) net operating losses and income tax credits; (2) capitalized research expenditures; and (3) other timing differences that are available to offset future income tax liabilities, partially offset by valuation allowances. The net operating losses and income tax credits include U.S. operating loss and tax credit carryforward deferred tax assets of \$8.3 billion of which \$8.0 billion expire by 2036 if not utilized and \$300 million can be carried forward indefinitely; and Non-U.S. operating loss and tax credit carryforward deferred tax assets of \$5.9 billion of which \$1.4 billion expire by 2036 if not utilized and \$4.5 billion can be carried forward indefinitely.

Note 13. Restructuring and Other Initiatives

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

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Balance at beginning of period	\$446	\$ 1,050	\$581	\$ 1,378
Additions, interest accretion and other	35	127	387	474
Payments	(56)	(168)	(560)	(779)

Edgar Filing: General Motors Co - Form 10-Q

Revisions to estimates and effect of foreign currency	(29)	(61)	(12)	(125)
Balance at end of period(a)	\$396	\$ 948	\$396	\$ 948

(a)Included temporary layoff benefits of \$351 million at September 30, 2015 in GMNA.

In the three and nine months ended September 30, 2016 restructuring and other initiatives related primarily to: (1) charges of \$240 million in the nine months ended September 30, 2016 in GMNA related to the cash severance incentive program to qualified U.S. hourly employees under our 2015 labor agreement with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW); and (2) separation and other programs in Australia, Korea and India and the withdrawal of the Chevrolet brand from Europe. Restructuring costs incurred were insignificant and \$94 million for the three and nine months

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

ended September 30, 2016. Collectively these programs had a total cost since inception of \$789 million and affected a total of approximately 4,550 employees in GMIO through September 30, 2016. We expect to complete these programs in GMIO in 2017 and incur additional related restructuring and other charges of approximately \$70 million.

In the three and nine months ended September 30, 2015 restructuring and other initiatives related primarily to: (1) our exit of Russia for which we recorded total pre-tax charges of \$450 million in GME and GMIO in the nine months ended September 30, 2015, of which \$112 million is reflected in the table above; and (2) separation and other programs in Australia, Korea, Thailand and Indonesia and the withdrawal of the Chevrolet brand from Europe. Restructuring costs incurred were insignificant and \$149 million for the three and nine months ended September 30, 2015. Collectively, these programs had a total cost since inception of \$663 million in GMIO through September 30, 2015.

Note 14. Stockholders' Equity

We have 2.0 billion shares of preferred stock and 5.0 billion shares of common stock authorized for issuance. At September 30, 2016 and December 31, 2015 we had 1.5 billion shares of common stock issued and outstanding. In the nine months ended September 30, 2016 and 2015 we purchased 48 million and 85 million shares of our outstanding common stock for \$1.5 billion and \$2.9 billion as part of the common stock repurchase program announced in March 2015, which our Board of Directors increased and extended in January 2016. Our total dividends paid on common stock were \$585 million and \$563 million in the three months ended September 30, 2016 and 2015 and \$1.8 billion and \$1.6 billion in the nine months ended September 30, 2016 and 2015, respectively.

In July 2009 we issued two tranches of warrants, each to acquire 136 million shares of our common stock, to Motors Liquidation Company (MLC) which have all been distributed to creditors of General Motors Corporation (Old GM) and to the Motors Liquidation Company General Unsecured Creditors (GUC) Trust by MLC. The first tranche of MLC warrants had an exercise price of \$10.00 per share and all unexercised warrants expired July 10, 2016. 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. At September 30, 2016 and 2015, the number of warrants outstanding was 45 million and 121 million.

The following table summarizes the significant components of Accumulated other comprehensive loss:

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Foreign Currency Translation Adjustments				
Balance at beginning of period	\$(1,959)	\$(1,023)	\$(2,034)	\$(1,064)
Other comprehensive loss before reclassification adjustment, net of tax(a)	(82)	(637)	(14)	(764)
Reclassification adjustment, net of tax(a)(b)	(2)	(8)	(11)	168
Other comprehensive loss, net of tax(a)	(84)	(645)	(25)	(596)
Other comprehensive income (loss) attributable to noncontrolling interests, net of tax(a)	14	(2)	30	(10)
Balance at end of period	\$(2,029)	\$(1,670)	\$(2,029)	\$(1,670)
Defined Benefit Plans				
Balance at beginning of period	\$(5,950)	\$(6,517)	\$(5,999)	\$(7,006)
Other comprehensive income (loss) before reclassification adjustment, net of tax(a)	(3)	85	(18)	426
Reclassification adjustment, net of tax(a)(c)	33	69	97	217

Edgar Filing: General Motors Co - Form 10-Q

Other comprehensive income, net of tax(a)	30	154	79	643
Balance at end of period	\$(5,920)	\$(6,363)	\$(5,920)	\$(6,363)

-
- (a) The income tax effect was insignificant in the three and nine months ended September 30, 2016 and 2015.
- (b) Related to the Russia exit in the nine months ended September 30, 2015. Included in Automotive cost of sales.
- (c) Included in the computation of net periodic pension and OPEB (income) expense. Refer to Note 10 for additional information.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 15. Earnings Per Share

Basic and diluted earnings per share are computed by dividing Net income attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings per share is computed by giving effect to all potentially dilutive securities that are outstanding.

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
Net income attributable to common stockholders – basic	\$2,773	\$ 1,359	\$7,592	\$ 3,421
Less: earnings adjustment for dilutive stock compensation rights	—	(2	) (1	) (3
Net income attributable to common stockholders – diluted	\$2,773	\$ 1,357	\$7,591	\$ 3,418
Weighted-average common shares outstanding – basic	1,550	1,577	1,548	1,597
Dilutive effect of warrants and awards under stock incentive plans	24	41	30	58
Weighted-average common shares outstanding – diluted	1,574	1,618	1,578	1,655
Diluted earnings per common share	\$1.76	\$ 0.84	\$4.81	\$ 2.07

In the three and nine months ended September 30, 2016 stock options to purchase 26 million shares were not included in the computation of diluted earnings per share because the stock options would have had an antidilutive effect. In the three and nine months ended September 30, 2015 warrants to purchase 46 million shares were not included in the computation of diluted earnings per share because the warrants would have had an antidilutive effect. The warrants expired December 31, 2015.

Note 16. Segment Reporting

We analyze the results of our business through the following segments: GMNA, GME, GMIO, GMSA and GM Financial. The chief operating decision maker evaluates the operating results and performance of our automotive segments through earnings before interest and income taxes-adjusted, which is presented net of noncontrolling interests. The chief operating decision maker evaluates GM Financial through earnings before income taxes-adjusted because interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements. While not all vehicles within a segment are individually profitable on a fully allocated cost basis, those vehicles attract customers to dealer showrooms and help maintain sales volumes for other, more profitable vehicles and contribute towards meeting required fuel efficiency standards. As a result of these and other factors, we do not manage our business on an individual brand or vehicle basis.

Substantially all of the cars, trucks, crossovers and automobile parts produced are marketed through retail dealers in North America and through distributors and dealers outside of North America, the substantial majority of which are independently owned. In addition to the products sold to dealers for consumer retail sales, cars, trucks and crossovers are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Fleet sales are completed through the dealer network and in some cases directly with fleet customers. Retail and fleet customers can obtain a wide range of after-sale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

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

Our automotive operations' interest income and interest expense are recorded centrally in Corporate. Corporate assets consist primarily of cash and cash equivalents, marketable securities and intercompany balances. All intersegment balances and transactions have been eliminated in consolidation. The following tables summarize key financial information by segment:

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	At and For the Three Months Ended September 30, 2016						Total Automotive	GM Financial	Elimination	Total
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations				
Net sales and revenue	\$31,078	\$4,225	\$2,963	\$2,029	\$39		\$40,334	\$2,499	\$(8)	\$42,825
Earnings (loss) before automotive interest and taxes-adjusted	\$3,486	\$(142)	\$271	\$(121)	\$(175)		\$3,319	\$229	\$(5)	\$3,543
Adjustments(a)	\$—	\$—	\$—	\$—	\$110		\$110	\$—	\$—	110
Automotive interest income										44
Automotive interest expense										(148)
Net (loss) attributable to noncontrolling interests										(61)
Income before income taxes										3,488
Income tax expense										(776)
Net loss attributable to noncontrolling interests										61
Net income attributable to common stockholders										\$2,773
Total assets(b)	\$102,917	\$13,904	\$20,441	\$7,656	\$25,008	\$(32,543)	\$137,383	\$82,200	\$(2,007)	\$217,576
Depreciation and amortization	\$1,086	\$116	\$114	\$75	\$4	\$(1)	\$1,394	\$1,257	\$—	\$2,651
Impairment charges	\$2	\$30	\$3	\$—	\$—	\$—	\$35	\$—	\$—	\$35

(a) Consists of a net benefit of \$110 million for legal related matters related to the ignition switch recall.

(b) For GMNA includes investment of \$500 million in Lyft, Inc. (Lyft), a privately held company, which was accounted for as a cost method investment.

At and For the Three Months Ended September 30, 2015

	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Elimination	Total
--	------	-----	------	------	-----------	--------------	---------------------	-----------------	-------------	-------

Edgar Filing: General Motors Co - Form 10-Q

Net sales and revenue	\$27,794	\$4,556	\$3,016	\$1,738	\$36		\$37,140	\$1,707	\$(4	)	\$38,843
Earnings (loss) before automotive interest and taxes-adjusted											
Adjustments(a)	\$7	\$—	\$(7	)	\$—	\$(1,500	)	\$—	\$—	(1,500)
Automotive interest income											40
Automotive interest expense											(112
Net (loss) attributable to noncontrolling interests)
Income before income taxes											1,506
Income tax expense											(165
Net loss attributable to noncontrolling interests)
Net income attributable to common stockholders											18
											\$1,359
Total assets	\$94,667	\$10,477	\$21,298	\$7,704	\$21,653	\$(24,764)	\$131,035	\$59,537	\$(1,952)	\$188,620	
Depreciation and amortization	\$928	\$124	\$110	\$56	\$4	\$(1	)	\$1,221	\$657	\$—	\$1,878
Impairment charges	\$81	\$15	\$7	\$—	\$—	\$—	\$103	\$—	\$—	\$103	

(a) Consists primarily of charges for various settlements and legal related matters of approximately \$1.5 billion related to the ignition switch recall in Corporate.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Nine Months Ended September 30, 2016						Total Automotive Eliminations	GM Financial	Eliminations	Total
	GMNA	GME	GMIO	GMSA	Corporate					
Net sales and revenue	\$87,736	\$14,292	\$8,467	\$5,010	\$113		\$115,618	\$6,866	\$(22)	\$122,462
Earnings (loss) before automotive interest and taxes-adjusted	\$9,429	\$(11)	\$819	\$(309)	\$(489)		\$9,439	\$720	\$(14)	\$10,145
Adjustments(a)	\$—	\$—	\$—	\$—	\$(65)		\$(65)	\$—	\$—	(65)
Automotive interest income										140
Automotive interest expense										(422)
Net (loss) attributable to noncontrolling interests										(99)
Income before income taxes										9,699
Income tax expense										(2,206)
Net loss attributable to noncontrolling interests										99
Net income attributable to common stockholders										\$7,592
Depreciation and amortization	\$3,179	\$334	\$327	\$202	\$12	\$(3)	\$4,051	\$3,313	\$—	\$7,364
Impairment charges	\$43	\$84	\$66	\$—	\$—	\$—	\$193	\$—	\$—	\$193

(a) Consists of a net charge of \$65 million for legal related matters related to the ignition switch recall.

	For the Nine Months Ended September 30, 2015						Total Automotive Eliminations	GM Financial	Eliminations	Total
	GMNA	GME	GMIO	GMSA	Corporate					
Net sales and revenue	\$78,951	\$13,992	\$9,181	\$5,939	\$111		\$108,174	\$4,576	\$(15)	\$112,735
Earnings (loss) before automotive interest and taxes-adjusted	\$8,255	\$(515)	\$989	\$(575)	\$(768)		\$7,386	\$670	\$(7)	\$8,049
Adjustments(a)	\$36	\$(354)	\$(394)	\$(720)	\$(1,725)		\$(3,157)	\$—	\$—	(3,157)
Automotive interest income										130

Automotive interest expense										(330)
Net (loss) attributable to noncontrolling interests										(32)
Income before income taxes										4,660
Income tax expense										(1,271)
Net loss attributable to noncontrolling interests										32
Net income attributable to common stockholders										\$3,421
Depreciation and amortization	\$2,793	\$284	\$331	\$205	\$12	\$ (3)	\$3,622	\$1,496	\$ —	\$5,118
Impairment charges	\$350	\$94	\$312	\$34	\$—	\$ —	\$790	\$—	\$ —	\$790

Consists primarily of costs related to the Russia exit of \$354 million in GME and \$96 million in GMIO, which is net of noncontrolling interests; asset impairment charges of \$297 million related to our Thailand subsidiaries in (a) GMIO; Venezuela currency devaluation and asset impairment charges of \$720 million in GMSA; charges related to the ignition switch recall compensation program of \$225 million and various settlements and legal related matters of approximately \$1.5 billion in Corporate; and other of \$35 million.

* * * * *

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Basis of Presentation This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying condensed consolidated financial statements and the audited consolidated financial statements and notes thereto included in our 2015 Form 10-K.

Forward-looking statements in this MD&A are not guarantees of future performance and may involve risks and uncertainties that could cause actual results to differ materially from those projected. Refer to the "Forward-Looking Statements" section of this MD&A and the "Risk Factors" section of our 2015 Form 10-K for a discussion of these risks and uncertainties. Except for per share amounts or as otherwise specified, dollar amounts presented within tables are stated in millions.

Non-GAAP Measures Our non-GAAP measures include earnings before interest and taxes (EBIT)-adjusted, presented net of noncontrolling interests, earnings per share (EPS)-diluted-adjusted, return on invested capital-adjusted (ROIC-adjusted) and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

These non-GAAP measures allow management and investors to view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions to understand operating performance without regard to items we do not consider a component of our core operating performance. Furthermore, these non-GAAP measures allow investors the opportunity to measure and monitor our performance against our externally communicated targets and evaluate the investment decisions being made by management to improve ROIC-adjusted. Management uses these measures in its financial, investment and operational decision-making processes, for internal reporting and as part of its forecasting and budgeting processes. Further, our Board of Directors uses these and other measures as key metrics to determine management performance under our performance-based compensation plans. For these reasons we believe these non-GAAP measures are useful for our investors.

EBIT-adjusted is used by management and can be used by investors to review our consolidated operating results because it excludes automotive interest income, automotive interest expense and income taxes as well as certain additional adjustments that are not considered part of our core operations. Examples of adjustments to EBIT include but are not limited to impairment charges related to goodwill, impairment charges on long-lived assets and other exit costs resulting from strategic shifts in our operations or discrete market and business conditions; costs arising from the ignition switch recall and related legal matters; and certain currency devaluations associated with hyperinflationary economies. For EBIT-adjusted and our other non-GAAP measures, once we have made an adjustment in the current period for an item, we will also adjust the related non-GAAP measure in any future periods in which there is an impact from the item. Refer to Note 16 to our condensed consolidated financial statements for our reconciliation of this non-GAAP measure to the most directly comparable financial measure under U.S. GAAP, Net income attributable to common stockholders.

EPS-diluted-adjusted is used by management and can be used by investors to review our consolidated diluted earnings per share results on a consistent basis. EPS-diluted-adjusted is calculated as net income attributable to common stockholders-diluted less certain adjustments noted above for EBIT-adjusted and gains or losses on the extinguishment of debt obligations on an after-tax basis as well as certain income tax adjustments divided by weighted-average common shares outstanding-diluted. Examples of income tax adjustments include the establishment or reversal of significant deferred tax asset valuation allowances.

ROIC-adjusted is used by management and can be used by investors to review our investment and capital allocation decisions. We define ROIC-adjusted as EBIT-adjusted for the trailing four quarters divided by average net assets, which is considered to be the average equity balances adjusted for average automotive debt and interest liabilities, exclusive of capital leases; average automotive net pension and OPEB liabilities; and average automotive net income tax assets during the same period.

Adjusted automotive free cash flow is used by management and can be used by investors to review the liquidity of our automotive operations and to measure and monitor our performance against our capital allocation framework and evaluate our automotive liquidity against the substantial cash requirements of our automotive operations. We measure adjusted automotive free cash flow as automotive cash flow from operations less capital expenditures adjusted for management actions, primarily related to strengthening our balance sheet, such as prepayments of debt and discretionary contributions to employee benefit plans. Refer to the "Liquidity and Capital Resources" section of this

Edgar Filing: General Motors Co - Form 10-Q

MD&A for our reconciliation of Net cash provided by (used in) operating activities under U.S. GAAP to this non-GAAP measure.

The following table reconciles diluted earnings per common share under U.S. GAAP to EPS-diluted-adjusted:

22

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended				Nine Months Ended			
	September 30, 2016		September 30, 2015		September 30, 2016		September 30, 2015	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Diluted earnings per common share	\$2,773	\$1.76	\$1,357	\$0.84	\$7,591	\$4.81	\$3,418	\$2.07
Adjustments								
Ignition switch recall and related legal matters	(110)	(0.07)	1,500	0.93	65	0.04	1,725	1.04
Thailand asset impairment	—	—	—	—	—	—	297	0.18
Venezuela currency devaluation and asset impairment	—	—	—	—	—	—	720	0.43
Russia exit costs	—	—	—	—	—	—	450	0.27
Other	—	—	—	—	—	—	(35)	(0.02)
Total adjustments	(110)	(0.07)	1,500	0.93	65	0.04	3,157	1.90
Tax effect on adjustments(a)	41	0.03	(226)	(0.14)	(25)	(0.01)	(354)	(0.21)
Tax adjustments(b)	—	—	(212)	(0.13)	—	—	(212)	(0.13)
EPS-diluted-adjusted	\$2,704	\$1.72	\$2,419	\$1.50	\$7,631	\$4.84	\$6,009	\$3.63

(a) The tax effect of each adjustment is determined based on the tax laws and valuation allowance status of the jurisdiction in which the adjustment relates.

These adjustments were excluded as the tax benefits resulted from our decisions to restructure our Holden (b) operations and withdraw our Chevrolet brand from Europe, which were each considered adjustments to EBIT in prior periods.

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

	Four Quarters Ended	
	September 30, 2016	September 30, 2015
EBIT-adjusted	\$12.9	\$ 10.5
Average equity	\$42.7	\$ 35.9
Add: Average automotive debt and interest liabilities (excluding capital leases)	9.5	8.3
Add: Average automotive net pension & OPEB liability	25.2	29.2
Less: Average automotive net income tax asset	(35.2)	(33.1)
ROIC-adjusted average net assets	\$42.2	\$ 40.3
ROIC-adjusted	30.6 %	26.0 %

The following table reconciles Net income attributable to common stockholders under U.S. GAAP to EBIT-adjusted used in the calculation of ROIC-adjusted:

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended							
	September 30,		June 30,		March 31,		December 31,	
	2016	2015	2016	2015	2016	2015	2015	2014
Net income attributable to common stockholders	\$2,773	\$1,359	\$2,866	\$1,117	\$1,953	\$945	\$6,266	\$1,987
Income tax expense (benefit)	776	165	871	577	559	529	(3,168)	279
Gain on extinguishment of debt	—	—	—	—	—	—	(449)	(200)
Automotive interest expense	148	112	147	108	127	110	113	104
Automotive interest income	(44)	(40)	(52)	(41)	(44)	(49)	(39)	(56)
Adjustments								
Ignition switch recall and related legal matters(a)	(110)	1,500	115	75	60	150	60	—
Thailand asset impairments(b)	—	—	—	297	—	—	—	158
Venezuela currency devaluation and asset impairment(c)	—	—	—	720	—	—	—	—
Goodwill impairments	—	—	—	—	—	—	—	120
Russia exit costs(d)	—	—	—	17	—	428	(7)	—
Other	—	—	—	1	—	(31)	(11)	22
Total adjustments	(110)	1,500	115	1,110	60	547	42	300
EBIT-adjusted	\$3,543	\$3,096	\$3,947	\$2,871	\$2,655	\$2,082	\$2,765	\$2,414

These adjustments were excluded because of the unique events associated with the ignition switch recall. These (a) events included the creation of the ignition switch recall compensation program, as well as various investigations, inquiries, and complaints from various constituents.

(b) These adjustments were excluded because of the significant restructuring of our Thailand operations and the strategic actions taken to focus on the production of pick-up trucks and SUVs.

This adjustment was excluded because of the devaluation of the Venezuela Bolivar Fuerte (BsF), our inability to (c) transact at the Complementary System of Foreign Currency Administration (SICAD) rate to obtain U.S. Dollars and the market restrictions imposed by the Venezuelan government.

These adjustments were excluded because of our decision to exit the Russia market as a result of a strategic shift in (d) our operations. The costs primarily consisted of sales incentives, dealer restructuring and other contract cancellation costs, and asset impairments.

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

For the year ending December 31, 2016 we expect to continue to generate strong consolidated financial results including improved EBIT-adjusted and EBIT-adjusted margins and EPS-diluted-adjusted of between \$5.50 and \$6.00. Based on our anticipated strong business results for the second half of the year, we expect full-year EPS-diluted-adjusted to be at the high end of the range. The following table reconciles expected diluted earnings per common share under U.S. GAAP to expected EPS-diluted-adjusted:

	Year Ending December 31, 2016
Diluted earnings per common share	\$ 5.47-5.97
Adjustments(a)	0.04
Tax effect on adjustments(b)	(0.01)
EPS-diluted-adjusted	\$ 5.50-6.00

(a) Includes the adjustments disclosed in Note 16 to our condensed consolidated financial statements and does not consider the potential future impact of adjustments.

(b) The tax effect of each adjustment is determined based on the tax laws and valuation allowance status of the jurisdiction in which the adjustment relates.

Our overall financial targets include expected improvement of consolidated EBIT-adjusted margins to 9% to 10% by early next decade; expected total annual operational and functional cost savings of \$5.5 billion by 2018 compared to 2014 costs, which will more than offset our incremental investments in brand building, engineering and technology as we launch new products in 2016 and beyond; expected average annual adjusted automotive free cash flow of approximately \$6 billion to \$7 billion from 2016 to 2018; expected continued consolidated ROIC-adjusted of 20% plus; and execution of our capital allocation strategy as described below.

The following table reconciles expected automotive net cash provided by operating activities under U.S. GAAP to expected adjusted automotive free cash flow (dollars in billions):

	Year Ending December 31, 2016
Automotive net cash provided by operating activities	\$ 13
Less: expected capital expenditures	(9)
Adjustment – discretionary pension plan contributions ²	
Adjusted automotive free cash flow	\$ 6

GMNA In the nine months ended September 30, 2016 industry sales to retail and fleet customers were 16.3 million units representing a 1.7% increase compared to the corresponding period in 2015 due to strong consumer demand driven by credit availability, low interest rates and low fuel prices.

In the nine months ended September 30, 2016 our vehicle sales in the U.S., our largest market in North America, totaled 2.2 million units for market share of 16.6%, representing a decrease of 0.6 percentage points compared to the corresponding period in 2015. The decrease in our U.S. market share was driven by lower fleet market share due to a planned reduction in rental deliveries, partially offset by higher retail market share. U.S. retail sales, generally more profitable than fleet sales, generated an increase of 0.5 percentage points in market share, primarily driven by Chevrolet.

In the year ending December 31, 2016 we expect an EBIT-adjusted margin of approximately 10% on continued strength of U.S. industry light vehicle sales, cost performance and new product launches. Based on our current cost structure, we continue to estimate GMNA's breakeven point at the U.S. industry level to be in the range of 10.0 - 11.0 million units.

In September 2016 we entered into a collectively bargained labor agreement with Unifor for certain hourly employees in Canada. The agreement was ratified without disruption to our operations.

GME As a result of moderate economic growth across Europe (excluding Russia) automotive industry sales to retail and fleet customers continued improving in the nine months ended September 30, 2016 with industry sales to retail and fleet customers of 14.2 million units representing a 7.0% increase compared to the corresponding period in 2015.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our European operations are benefiting from this trend and vehicle sales continue to show signs of improvement underscored by further improvement in our Opel and Vauxhall retail vehicle sales of 0.9 million units for market share of 5.9% in the nine months ended September 30, 2016 consistent with the corresponding period in 2015. We continue to implement various strategic actions to strengthen our operations and increase our competitiveness.

We have made substantial progress towards our intention to break even by taking advantage of a recovering industry, cost optimization and the benefits of our Astra and Corsa launches, resulting in positive EBIT-adjusted in the first half of the year. However in June 2016 the U.K. completed its referendum on continued membership in the European Union voting to leave. Despite the referendum we were on track to break even for the year, as evidenced by our performance through the first nine months. The result of the referendum has adversely impacted the British Pound and the uncertainty has put strain on the U.K. automotive industry. If current post referendum market conditions are sustained throughout the remainder of 2016, we believe it could have an adverse impact of up to \$0.4 billion to the second half of 2016 of which approximately \$0.1 billion is reflected in our third quarter results.

The German Ministry of Transportation and the Kraftfahrt-Bundesamt have requested the participation of a number of automotive manufacturers, including our German subsidiary, in continuing discussions on emissions control issues and have also requested, from time to time, written responses from our subsidiary on the subject. Our German subsidiary has participated in these discussions and has provided the requested responses to inquiries concerning nitrogen oxide emission control systems of its diesel engines. In light of the foregoing, there could be further inquiries about nitrogen oxide and/or CO₂ emissions. These requests may lead to increased testing and re-testing of our vehicles and analysis of their emissions control systems, which could lead to increased costs, penalties, negative publicity or reputational impact, and additional vehicles may be subject to recall activity if regulators determine that emission levels and required regulatory compliance should be based on either a wider spectrum of driving conditions for future testing parameters or stricter or novel interpretations and consequent enforcement of existing requirements. No assurance can be given that the ultimate outcome of any potential investigations or increased testing resulting from this scrutiny would not materially and adversely affect us.

GMIO Since the second quarter of 2015 we have been experiencing pricing pressures in China, increasing competition and a complex regulatory environment. Despite these pressures, in the nine months ended September 30, 2016 China industry sales were 19.5 million units, representing an increase of 12.1% compared to the corresponding period in 2015. In the nine months ended September 30, 2016 our China wholesale volumes increased by 4.4% compared to the corresponding period in 2015. Our market share decreased to 13.8%, down 1.0 percentage point as our volume growth was less than that of the industry. Strong growth in Cadillac, Buick and Baojun passenger vehicles, including SUVs, were partially offset by lower Chevrolet sales because of model changeover and lower Wuling sales because of a continued segment shift away from mini commercial vehicles. In the nine months ended September 30, 2016 our Automotive China JVs generated equity income of \$1.4 billion and margins of 9.3%. We expect industry growth and continuation of pricing pressures of approximately 5%, which will continue to pressure margins, in 2016. We continue to expect an increase in vehicle sales driven by new launches and expect to sustain strong China equity income and margins by focusing on vehicle mix improvements, cost improvements and efficiencies and downstream performance optimization.

Lack of political stability, low commodity prices and foreign exchange volatility, among other factors, negatively impacted the overall automotive industry in the rest of Asia Pacific, Africa and the Middle East and led to industry sales of 14.1 million units, representing a decrease of 2.7% in the nine months ended September 30, 2016 compared to the corresponding period in 2015. In the nine months ended September 30, 2016 our retail sales totaled 0.5 million units leading to a market share of 3.5%, representing a decrease of 0.6 percentage points compared to the

corresponding period in 2015. The decrease in retail sales volumes was due primarily to overall industry volume declines, foreign currency availability and economic challenges in the Middle East, Egypt and South Africa.

To address the significant industry, market share, pricing and foreign exchange pressures in the region, we continue to focus on product portfolio enhancements, manufacturing footprint rationalization, increased local sourcing of parts, cost structure reductions, as well as brand and dealer network improvements which we expect to favorably impact the region over the medium term. As we continue to assess our performance throughout the region, additional restructuring and rationalization actions may be required and may have a material impact on our results of operations.

GMSA The South American automotive industry continues to be challenged by weak economic conditions and lack of consumer confidence. Industry sales to retail and fleet customers were 2.7 million units in the nine months ended September 30, 2016 representing a 14.9% decrease compared to the corresponding period in 2015. In the nine months ended September 30, 2016 our

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

vehicle sales in Brazil, our largest market in South America, totaled 0.2 million units for market share of 16.3%, representing an increase of 1.5 percentage points compared to the corresponding period in 2015 primarily driven by Chevrolet Onix sales.

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

During the nine months ended September 30, 2016 we continued to consolidate our Venezuelan subsidiaries. Our Venezuelan subsidiaries may require additional financial support, which, at this time, we have not made a decision to provide. If a determination is made in the future that we no longer maintain control we may incur a charge based on exchange rates at September 30, 2016 of less than \$0.1 billion.

Corporate In connection with our capital allocation framework, as detailed in the "Liquidity and Capital Resources" section of MD&A in our 2015 Form 10-K, we announced that our Board of Directors had authorized a program to purchase up to \$5 billion of our common stock before the end of 2016, which we completed one quarter ahead of schedule in the three months ended September 30, 2016. In January 2016 we announced that our Board of Directors had authorized the purchase of up to an additional \$4 billion of our common stock (an aggregate total of \$9 billion) before the end of 2017. Through October 21, 2016 we had purchased an aggregate of 150 million shares of our outstanding common stock under our common stock repurchase program for \$5.0 billion. Also, in January 2016 we announced an increase of our quarterly common stock dividend to \$0.38 per share effective in the first quarter of 2016.

The Ignition Switch Recall has led to various inquiries, investigations, subpoenas, requests for information and complaints from Congress, the SEC, Transport Canada and 50 state attorneys general. In addition these and other recalls have resulted in a number of claims and lawsuits. Such lawsuits and investigations could in the future result in the imposition of material damages, fines, civil consent orders, civil and criminal penalties or other remedies. Refer to Note 11 to our condensed consolidated financial statements for additional information.

Takata Matters On May 4, 2016 NHTSA issued an amended consent order requiring Takata to file DIRs for previously unrecalled front airbag inflators that contain an ammonium nitrate-based propellant without a moisture absorbing desiccant on a multi-year, risk-based schedule through 2019 impacting tens of millions of vehicles produced by numerous automotive manufacturers. NHTSA concluded that the likely root cause of the rupturing of the airbag inflators is a function of time, temperature cycling and environmental moisture. On May 16, 2016 Takata issued its first DIR in connection with the amended consent order. Its next DIR is due to be filed on December 31, 2016.

Although we do not believe there is a safety defect at this time in any GM vehicles within the scope of the Takata DIR, in cooperation with NHTSA we filed a Preliminary DIR on May 27, 2016, updated as of June 13, 2016, covering 2.5 million of certain of our GMT900 vehicles, which are full-size pick-up trucks and SUVs. As a result of discussions with NHTSA and as described in the Preliminary DIR, GM believes it will have an opportunity to prove to NHTSA that the inflators in these vehicles do not and will not pose an unreasonable risk to safety. We believe these vehicles are currently performing as designed and ongoing testing continues to support the belief that the vehicles' unique design and integration mitigates against inflator degradation. For example, the airbag inflators used in the vehicles are a variant engineered specifically for our vehicles, and include features such as greater venting, unique

propellant wafer configurations, and machined steel end caps. The inflators are packaged in the instrument panel in such a way as to minimize exposure to moisture from the climate control system. Also, these vehicles have features that minimize the maximum temperature to which the inflator will be exposed, such as larger interior volumes and standard solar absorbing windshields and side glass. Further, our field deployment data contains no reports of inflator rupture in these vehicles during the estimated 55,000 field deployments that have occurred in these vehicles since the start of production or in the ballistic testing of inflators recovered from vehicles in the field. We presently believe that the results of further testing and analysis will continue to demonstrate that the vehicles do not present an unreasonable risk to safety and that no repair will ultimately be required.

Based, in part, on the results of our testing, analysis and data to date, on September 2, 2016, we filed a petition with NHTSA to delay inclusion of GMT900 vehicles in the Takata DIR equipment schedule from December 31, 2016 until December 31, 2017. We believe that this timeline will permit us to complete our testing of the relevant non-desiccated Takata inflators in GMT900 vehicles.

Accordingly, no provision has been made for any repair associated with our vehicles subject to the Preliminary DIR and amended consent order. However, in the event we are ultimately obligated to repair the inflators in these vehicles, we estimate a reasonably

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

possible cost of up to \$320 million for the 2.5 million vehicles subject to the Preliminary DIR and an additional \$550 million for up to 4.3 million vehicles subject to future Takata DIRs under the amended consent order.

On July 28, 2016, a putative class action was filed in the United States District Court for the District of New Jersey claiming that numerous 2003 - 2011 model year GM vehicles are defective because they are equipped with Takata airbags and alleging, among other things, fraud and breach of warranty. The complaint seeks nationwide class certification or, alternatively, certification of various state classes, damages, costs and fees. At this early stage of the proceedings, we are unable to provide an evaluation of the likelihood that a loss will be incurred or an estimate of the amounts or range of possible loss.

Vehicle Sales We present both wholesale and retail vehicle sales data to assist in the analysis of our revenue and our market share. We do not currently export vehicles to Cuba, Iran, North Korea, Sudan or Syria. Accordingly these countries are excluded from industry sales data and corresponding calculations of our market share.

Wholesale vehicle sales data, which represents sales directly to dealers and others, is the measure that correlates to our revenue from the sale of vehicles, which is the largest component of Automotive net sales and revenue. Wholesale vehicle sales exclude

vehicles produced by joint ventures. In the nine months ended September 30, 2016 46.1% of our wholesale vehicle sales volume was generated outside the U.S. The following table summarizes total wholesale vehicle sales of new vehicles by automotive segment (vehicles in thousands):

	Three Months Ended			Nine Months Ended				
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015		
GMNA	1,030	65.2 %	938	62.5 %	2,908	63.3 %	2,645	60.7 %
GME	261	16.5 %	276	18.4 %	880	19.2 %	847	19.4 %
GMIO	136	8.6 %	146	9.7 %	406	8.8 %	431	9.9 %
GMSA	153	9.7 %	142	9.4 %	400	8.7 %	435	10.0 %
Worldwide	1,580	100.0%	1,502	100.0%	4,594	100.0%	4,358	100.0%

Retail vehicle sales data, which represents sales to end customers based upon the good faith estimates of management, including fleets, does not correlate directly to the revenue we recognize during the period. However retail vehicle sales data is indicative of the underlying demand for our vehicles. Market share information is based primarily on retail vehicle sales volume. In countries where retail vehicle sales data is not readily available other data sources, such as wholesale or forecast volumes, are used to estimate retail vehicle sales to end customers.

Retail vehicle sales data includes all sales by joint ventures on a total vehicle basis, not based on the percentage of ownership in the joint venture. Certain joint venture agreements in China allow for the contractual right to report vehicle sales of non-GM trademarked vehicles by those joint ventures. Retail vehicle sales data includes vehicles used by dealers under courtesy transportation programs and vehicles sold through the dealer registration channel primarily in Europe. This sales channel consists primarily of dealer demonstrator, loaner and self-registered vehicles which are not eligible to be sold as new vehicles after being registered by dealers. Certain fleet sales that are accounted for as operating leases are included in retail vehicle sales at the time of delivery to daily rental car companies. The following table summarizes total industry retail sales, or estimated sales where retail sales volume is not available, of vehicles and our related competitive position by geographic region (vehicles in thousands):

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended						Nine Months Ended					
	September 30, 2016			September 30, 2015			September 30, 2016			September 30, 2015		
	Industry	GM	Market Share	Industry	GM	Market Share	Industry	GM	Market Share	Industry	GM	Market Share
North America												
United States	4,552	773	17.0 %	4,633	794	17.1 %	13,364	2,212	16.6 %	13,344	2,300	17.2 %
Other	1,021	146	14.3 %	960	137	14.2 %	2,942	416	14.1 %	2,689	385	14.3 %
Total North America	5,573	919	16.5 %	5,593	931	16.6 %	16,306	2,628	16.1 %	16,033	2,685	16.7 %
Europe												
United Kingdom	843	81	9.6 %	833	80	9.6 %	2,483	235	9.4 %	2,422	243	10.0 %
Germany	910	61	6.7 %	867	61	7.1 %	2,821	197	7.0 %	2,646	182	6.9 %
Other	2,930	141	4.8 %	2,898	148	5.1 %	9,939	491	4.9 %	9,421	476	5.0 %
Total Europe	4,683	283	6.0 %	4,598	289	6.3 %	15,243	923	6.1 %	14,489	901	6.2 %
Asia/Pacific, Middle East and Africa												
China(a)	6,471	874	13.5 %	5,341	814	15.2 %	19,495	2,690	13.8 %	17,392	2,576	14.8 %
Other	4,645	162	3.5 %	4,709	191	4.1 %	14,138	489	3.5 %	14,528	590	4.1 %
Total Asia/Pacific, Middle East and Africa	11,116	1,036	9.3 %	10,050	1,005	10.0 %	33,633	3,179	9.5 %	31,920	3,166	9.9 %
South America												
Brazil	524	89	16.9 %	635	85	13.4 %	1,508	246	16.3 %	1,953	289	14.8 %
Other	435	64	14.7 %	434	66	15.1 %	1,198	176	14.7 %	1,228	197	16.0 %
Total South America	959	153	15.9 %	1,069	151	14.1 %	2,706	422	15.6 %	3,181	486	15.3 %
Total Worldwide	22,331	2,391	10.7 %	21,310	2,376	11.1 %	67,888	7,152	10.5 %	65,623	7,238	11.0 %
United States												
Cars	1,732	218	12.6 %	1,903	222	11.6 %	5,264	663	12.6 %	5,719	711	12.4 %
Trucks	1,385	346	25.0 %	1,342	338	25.2 %	4,058	956	23.6 %	3,789	925	24.4 %
Crossovers	1,435	209	14.6 %	1,388	234	16.9 %	4,042	593	14.7 %	3,836	664	17.3 %
Total United States	4,552	773	17.0 %	4,633	794	17.1 %	13,364	2,212	16.6 %	13,344	2,300	17.2 %
China(a)												
SGMS		433			373			1,243			1,158	
SGMW and FAW-GM		441			441			1,447			1,418	
Total China	6,471	874	13.5 %	5,341	814	15.2 %	19,495	2,690	13.8 %	17,392	2,576	14.8 %

Our China sales include the Automotive China JVs SAIC General Motors Sales Co., Ltd. (SGMS), SAIC GM Wuling Automobile Co., Ltd. (SGMW) and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM). End (a)customer data is not readily available for the industry; therefore, wholesale volumes were used for Industry, GM and Market Share. Our retail sales in China were 908 and 774 in the three months ended September 30, 2016 and 2015 and 2,718 and 2,493 in the nine months ended September 30, 2016 and 2015.

In the nine months ended September 30, 2016 we estimate we had the largest market share in North America and South America, the number four market share in the Asia/Pacific, Middle East and Africa region and the number eight market share in Europe.

Edgar Filing: General Motors Co - Form 10-Q

The sales and market share data provided in the table above includes both fleet vehicle sales and sales to retail customers. Certain fleet transactions, particularly sales to daily rental car companies, are generally less profitable than sales to retail customers. 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 retail vehicle sales (vehicles in thousands):

29

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
GMNA	144	167	500	608
GME	137	123	454	415
GMIO	106	89	234	224
GMSA	44	26	109	83
Total fleet sales	431	405	1,297	1,330

Fleet sales as a percentage of total retail vehicle sales 18.0% 17.0 % 18.1 % 18.4 %

The following table summarizes United States fleet sales (vehicles in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Daily rental sales	69	75	217	313
Other fleet sales	51	65	205	210
Total fleet sales	120	140	422	523

GM Financial Summary and Outlook GM Financial has expanded its leasing, near prime and prime lending programs in North America; therefore, leasing and prime lending have become an increasingly large percentage of the originations and retail portfolio balance. In the nine months ended September 30, 2016 and 2015 GM Financial's revenue primarily consisted of leased vehicle income of 60.7% and 39.9%, retail finance charge income of 31.5% and 49.0% and commercial finance charge income of 4.7% and 6.6%. We believe that offering a comprehensive suite of financing products will generate incremental sales of our vehicles, drive incremental GM Financial earnings and help support our sales throughout various economic cycles. In the nine months ended September 30, 2016 GM Financial's retail penetration in North America grew to approximately 33%, up from approximately 28% in the corresponding period in 2015.

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

Total Net Sales and Revenue

	Three Months Ended		Favorable/ (Unfavorable)	%	Variance Due To			
	September 30, 2016	September 30, 2015			Volume	Mix	Price	Other
					(Dollars in billions)			
GMNA	\$31,078	\$ 27,794	\$ 3,284	11.8 %	\$2.5	\$0.7	\$0.2	\$(0.2)

Edgar Filing: General Motors Co - Form 10-Q

GME	4,225	4,556	(331	)	(7.3)%	\$(0.2)	\$—	\$0.1	\$(0.2)
GMIO	2,963	3,016	(53	)	(1.8)%	\$(0.2)	\$—	\$—	\$0.1
GMSA	2,029	1,738	291		16.7%	\$0.1	\$0.1	\$0.2	\$(0.1)
Corporate	39	36	3		8.3%				\$—
Automotive	40,334	37,140	3,194		8.6%	\$2.2	\$0.8	\$0.6	\$(0.4)
GM Financial	2,491	1,703	788		46.3%				\$0.8
Total net sales and revenue	\$42,825	\$ 38,843	\$ 3,982		10.3%	\$2.2	\$0.8	\$0.6	\$0.4

30

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Nine Months Ended		Favorable/ (Unfavorable)	%	Variance Due To			
	September 2016	September 30, 2015			Volume	Mix	Price	Other
					(Dollars in billions)			
GMNA	\$87,736	\$78,951	\$ 8,785	11.1 %	\$7.2	\$0.9	\$1.5	\$(0.7)
GME	14,292	13,992	300	2.1 %	\$0.5	\$(0.2)	\$0.4	\$(0.4)
GMIO	8,467	9,181	(714)	(7.8)%	\$(0.4)	\$0.1	\$—	\$(0.4)
GMSA	5,010	5,939	(929)	(15.6)%	\$(0.5)	\$—	\$0.7	\$(1.2)
Corporate	113	111	2	1.8 %				\$—
Automotive	115,618	108,174	7,444	6.9 %	\$6.8	\$0.8	\$2.6	\$(2.7)
GM Financial	6,844	4,561	2,283	50.1 %				\$2.3
Total net sales and revenue	\$122,462	\$112,735	\$ 9,727	8.6 %	\$6.8	\$0.8	\$2.6	\$(0.4)

Automotive Cost of Sales and Inventories

	Three Months Ended		Favorable/ (Unfavorable)	%	Variance Due To			
	September 30, 2016	September 30, 2015			Volume	Mix	Cost	Other
					(Dollars in billions)			
GMNA	\$25,837	\$ 22,976	\$ (2,861)	(12.5)%	\$(1.7)	\$(0.9)	\$(0.3)	\$ —
GME	4,019	4,397	378	8.6 %	\$0.2	\$—	\$0.2	\$ —
GMIO	2,968	2,926	(42)	(1.4)%	\$0.1	\$(0.1)	\$—	\$ —
GMSA	1,968	1,743	(225)	(12.9)%	\$(0.1)	\$(0.1)	\$—	\$ —
Corporate and eliminations	(14)	16	30	n.m.			\$—	\$ —
Total automotive cost of sales	\$34,778	\$ 32,058	\$ (2,720)	(8.5)%	\$(1.5)	\$(1.1)	\$(0.1)	\$ —

n.m. = not meaningful

	Nine Months Ended		Favorable/ (Unfavorable)	%	Variance Due To			
	September 2016	September 30, 2015			Volume	Mix	Cost	Other
					(Dollars in billions)			
GMNA	\$73,281	\$ 66,003	\$ (7,278)	(11.0)%	\$(5.0)	\$(1.7)	\$(0.9)	\$ 0.3
GME	13,268	13,476	208	1.5 %	\$(0.4)	\$0.1	\$0.5	\$—
GMIO	8,432	9,198	766	8.3 %	\$0.3	\$(0.3)	\$0.5	\$0.2
GMSA	4,856	6,543	1,687	25.8 %	\$0.4	\$(0.2)	\$0.2	\$1.3
Corporate and eliminations	(44)	109	153	n.m.			\$—	\$0.2
Total automotive cost of sales	\$99,793	\$ 95,329	\$ (4,464)	(4.7)%	\$(4.7)	\$(2.1)	\$0.3	\$2.1

n.m. = not meaningful

In the three months ended September 30, 2016 unfavorable Cost was due primarily to: (1) increased other costs of \$0.1 billion related primarily to engineering and depreciation and amortization which are inclusive of launch costs; and (2) decreased material and freight costs of \$0.6 billion related to carryover vehicles, offset by increased material and freight costs of \$0.6 billion related to vehicles launched within the last twelve months incorporating significant exterior and/or interior changes (Majors).

In the nine months ended September 30, 2016 favorable Cost was due primarily to: (1) decreased material and freight costs of \$2.4 billion related to carryover vehicles, partially offset by increased material and freight costs of \$1.2 billion related to Majors; and (2) impairments of \$0.4 billion related to Thailand and Venezuela in 2015; partially offset by (3) increased other costs of \$1.1 billion primarily manufacturing, engineering and depreciation and amortization which are inclusive of launch costs; and (4) increased warranty and policy costs of \$0.2 billion. In the nine months ended September 30, 2016 favorable Other was due primarily to the foreign currency effect of \$1.9 billion due primarily to the BsF devaluation in 2015 and the weakening of the Brazilian Real,

31

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Argentine Peso, and other currencies against the U.S. Dollar and costs related to the change in our business model in Russia of \$0.2 billion in 2015.

	Inventories			Days on Hand		
	September 2016	September 2015	Increase/ (Decrease)	September 30, 2016	September 30, 2015	Increase/ (Decrease)
GMNA	\$8,145	\$ 7,351	\$ 794	28	29	(1)
GME	3,190	3,001	189	71	61	10
GMIO	2,422	2,297	125	73	71	2
GMSA	1,670	1,719	(49)	76	89	(13)
Total	\$15,427	\$ 14,368	\$ 1,059	40	40	—

Days on hand is calculated as Inventories divided by Automotive cost of sales for the three months ended September 30 multiplied by 90.

Other

	Three Months Ended September 30, 2016				Nine Months Ended September 30, 2016			
	September 2016	September 2015	Favorable/ (Unfavorable)	%	September 2016	September 2015	Favorable/ (Unfavorable)	%
Automotive selling, general and administrative expense	\$2,724	\$ 4,282	\$ 1,558	36.4%	\$8,389	\$ 10,376	\$ 1,987	19.1%
Interest income and other non-operating income, net	\$122	\$ 119	\$ 3	2.5 %	\$379	\$ 373	\$ 6	1.6 %

In the three months ended September 30, 2016 Automotive selling, general and administrative expense decreased due primarily to a net decrease in charges of \$1.6 billion for legal related matters related to the ignition switch recall.

In the nine months ended September 30, 2016 Automotive selling, general and administrative expense decreased due primarily to: (1) a net decrease in charges of \$1.4 billion for legal related matters related to the ignition switch recall; (2) expenses related to the ignition switch recall compensation program of \$0.2 billion in 2015; (3) favorable net foreign currency effect of \$0.2 billion due to the weakening of various currencies against the U.S. Dollar; and (4) net administrative and marketing costs of \$0.2 billion.

GM North America

	Three Months Ended		Favorable / (Unfavorable)	%	Variance Due To				
	September 2016	September 30, 2015			Volume	Mix	Price	Cost	Other
Total net sales and revenue	\$31,078	\$27,794	\$ 3,284	11.8%	\$2.5	\$0.7	\$0.2	\$(0.2)	
EBIT-adjusted	\$3,486	\$3,293	\$ 193	5.9 %	\$0.8	\$(0.2)	\$0.2	\$(0.5)	
EBIT-adjusted margin	11.2 %	11.8 %	(0.6)%						
	(Vehicles in thousands)								
Wholesale vehicle sales	1,030	938	92	9.8 %					
	Nine Months Ended		Favorable / (Unfavorable)	%	Variance Due To				
					Volume	Mix	Price	Cost	Other

(Dollars in billions)

Edgar Filing: General Motors Co - Form 10-Q

September September
30, 2016 30, 2015

(Dollars in billions)

Total net sales and revenue	\$87,736	\$78,951	\$ 8,785	11.1%	\$7.2	\$0.9	\$ 1.5		\$(0.7)
EBIT-adjusted	\$9,429	\$8,255	\$ 1,174	14.2%	\$2.2	\$(0.9)	\$ 1.5	\$(1.4)	\$(0.3)
EBIT-adjusted margin	10.7	% 10.5	% 0.2	%					
	(Vehicles in thousands)								
Wholesale vehicle sales	2,908	2,645	263	9.9	%				

32

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GMNA Total Net Sales and Revenue In the three months ended September 30, 2016 Total net sales and revenue increased due primarily to: (1) increased net wholesale volumes due primarily to strong retail demand for full-size trucks and the Chevrolet Cruze, Malibu and Camaro, partially offset by a decrease in off-lease rental car sales; (2) favorable mix associated with the decrease in off-lease rental car sales which have a lower average selling price than sales to retail customers, and increases in the Cadillac CT6 and full-size trucks; and (3) favorable pricing for Majors of \$0.4 billion, partially offset by carryover vehicles of \$0.2 billion; partially offset by (4) unfavorable Other due primarily to a decrease in lease revenue of \$0.2 billion associated with fewer in-service rental vehicles.

In the nine months ended September 30, 2016 Total net sales and revenue increased due primarily to: (1) increased net wholesale volumes due primarily to strong retail demand for the Chevrolet Malibu and full-size trucks, partially offset by a decrease in the Chevrolet Cruze; (2) favorable pricing for Majors of \$1.3 billion; and (3) favorable mix associated with full-size trucks and SUVs and the decrease in the Chevrolet Cruze, partially offset by the Chevrolet Malibu; partially offset by (4) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Canadian Dollar and Mexican Peso against the U.S. Dollar.

GMNA EBIT-Adjusted In the three months ended September 30, 2016 EBIT-adjusted increased due primarily to: (1) increased net wholesale volumes; and (2) favorable pricing; partially offset by (3) unfavorable Cost including increased material costs for Majors of \$0.4 billion and unfavorable other costs of \$0.6 billion primarily engineering, marketing, depreciation and amortization which are inclusive of launch costs, partially offset by favorable material and freight performance related to carryover vehicles of \$0.5 billion; (4) unfavorable mix associated with the Chevrolet Volt, Cruze and Malibu, partially offset by a decrease in off-lease rental car sales; and (5) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Mexican Peso against the U.S. Dollar.

In the nine months ended September 30, 2016 EBIT-adjusted increased due primarily to: (1) increased net wholesale volumes; and (2) favorable pricing; partially offset by (3) unfavorable Cost including increased material costs for Majors of \$0.8 billion, restructuring charges of \$0.2 billion related to the UAW cash severance incentive program and increased other costs of \$2.1 billion primarily manufacturing, engineering, marketing, depreciation and amortization which are inclusive of launch costs, partially offset by favorable material and freight performance related to carryover vehicles of \$1.7 billion; (4) unfavorable mix associated with the Chevrolet Malibu and Volt, partially offset by full-size trucks and SUVs and the decrease in the Chevrolet Cruze; and (5) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Mexican Peso and Canadian Dollar against the U.S. Dollar.

GM Europe

	Three Months Ended		Favorable /		Variance Due To							
	September 2016	September 2015	September 30, 2016	September 30, 2015	(Unfavorable)	%	Volume	Mix	Price	Cost	Other	
	(Dollars in billions)											
Total net sales and revenue	\$4,225	\$ 4,556	\$ (331	)	(7.3	)%	\$(0.2)	\$ —	—\$	—	\$(0.2)
EBIT (loss)-adjusted	\$(142)	\$ (231)	\$ 89		38.5	%	\$—	\$ —	\$0.3	\$(0.2)
EBIT (loss)-adjusted margin	(3.4	)%	(5.1	)%	1.7	%					
	(Vehicles in thousands)											
Wholesale vehicle sales	261	276	(15	)	(5.4)%						
						Variance Due To						

Edgar Filing: General Motors Co - Form 10-Q

	September 30, 2016	September 30, 2015	Favorable / (Unfavorable)	%	Volume	Mix	Price	Cost	Other
	(Dollars in billions)								
Total net sales and revenue	\$14,292	\$13,992	\$ 300	2.1 %	\$0.5	\$(0.2)	\$0.4		\$(0.4)
EBIT (loss)-adjusted	\$(11)	\$(515)	\$ 504	97.9%	\$0.1	\$(0.1)	\$0.2	\$0.6	\$(0.3)
EBIT (loss)-adjusted margin	(0.1)%	(3.7)%	3.6 %						
	(Vehicles in thousands)								
Wholesale vehicle sales	880	847	33	3.9 %					

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GME Total Net Sales and Revenue In the three months ended September 30, 2016 Total net sales and revenue decreased due primarily to: (1) decreased net wholesale volumes primarily associated with decreases across the Russian portfolio and decreased sales of the Corsa and Zafira in the United Kingdom, partially offset by higher demand primarily for the Astra across the region; and (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the British Pound against the U.S. Dollar; partially offset by (3) favorable pricing for Majors primarily related to the Astra.

In the nine months ended September 30, 2016 Total net sales and revenue increased due primarily to: (1) increased net wholesale volumes associated with higher demand primarily for the Astra and the KARL across the region, partially offset by decreases across the Russian portfolio and decreased sales of the Corsa and Insignia in the United Kingdom; and (2) favorable pricing for Majors primarily related to the Astra; partially offset by (3) unfavorable vehicle mix due to increased sales of lower priced vehicles; and (4) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the British Pound against the U.S. Dollar.

GME EBIT (Loss)-Adjusted In the three months ended September 30, 2016 GME EBIT (loss)-adjusted decreased due primarily to: (1) favorable Cost due primarily to fixed cost improvements of \$0.2 billion and favorable material performance related to carryover vehicles of \$0.1 billion, partially offset by unfavorable material performance for Majors related to the Astra of \$0.1 billion; partially offset by (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the British Pound against the U.S. Dollar.

In the nine months ended September 30, 2016 GME EBIT (loss)-adjusted decreased due primarily to: (1) favorable Cost due primarily to favorable material performance related to carryover vehicles of \$0.4 billion and fixed cost improvements of \$0.4 billion, partially offset by unfavorable material performance for Majors related to the Astra of \$0.3 billion; (2) favorable pricing; and (3) increased net wholesale volumes; partially offset by (4) unfavorable vehicle mix; and (5) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the British Pound against the U.S. Dollar.

GM International Operations

	Three Months Ended				Favorable / (Unfavorable) %	Variance Due To				
	September 30, 2016	September 30, 2015				Volume	Mix	Price	Cost	Other
	(Dollars in billions)									
Total net sales and revenue	\$2,963	\$3,016	\$ (53)	(1.8)%	\$(0.2)	\$—	\$ —	\$ 0.1		
EBIT-adjusted	\$271	\$269	\$ 2	0.7 %	\$—	\$(0.1)	\$ —	\$ 0.1		
EBIT-adjusted margin	9.1 %	8.9 %	0.2 %							
Equity income – Automotive China JVs	\$459	\$463	\$ (4)	(0.9)%						
EBIT (loss)-adjusted – excluding Equity income	\$(188)	\$(194)	\$ 6	3.1 %						
	(Vehicles in thousands)									
Wholesale vehicle sales	136	146	(10)	(6.8)%						
	Nine Months Ended				Favorable / (Unfavorable) %	Variance Due To				
	September 30, 2016	September 30, 2015				Volume	Mix	Price	Cost	Other
	(Dollars in billions)									
Total net sales and revenue	\$8,467	\$9,181	\$ (714)	(7.8) %	\$(0.4)	\$0.1	\$ —	\$(0.4)		

Edgar Filing: General Motors Co - Form 10-Q

EBIT-adjusted	\$819	\$989	\$ (170)	(17.2)%	\$(0.1)	\$(0.2)	\$ —	-\$0.2	\$(0.1)
EBIT-adjusted margin	9.7	% 10.8	% (1.1)	%					
Equity income – Automotive China JV	\$1,448	\$1,485	\$ (37)	(2.5)%					
EBIT (loss)-adjusted – excluding Equity income	\$(629)	\$(496)	\$ (133)	(26.8)%					
	(Vehicles in thousands)								
Wholesale vehicle sales	406	431	(25)	(5.8)%					

34

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GMIO Total Net Sales and Revenue In the three months ended September 30, 2016 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes of passenger cars in South Africa and Australia; partially offset by (2) favorable Other due primarily to the foreign currency effect resulting from the strengthening of the South Korean Won and Australian Dollar against the U.S. Dollar.

In the nine months ended September 30, 2016 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes of pick-up trucks in Egypt, pick-up trucks and passenger cars in South Africa and full-size trucks and SUVs in the Middle East, partially offset by increased sales of the Chevrolet Spark and Malibu in the Middle East and Korea; and (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the South African Rand and South Korean Won against the U.S. Dollar and decreased export sales of vehicle parts in Korea; partially offset by (3) favorable mix in Korea due to the Chevrolet Malibu and Impala.

GMIO EBIT-Adjusted In the three months ended September 30, 2016 EBIT-adjusted remained flat due primarily to: (1) favorable Cost associated with material and freight performance related to carryover vehicles; and (2) favorable Other due primarily to the foreign currency effect resulting from the strengthening of the South Korean Won and Australian Dollar against the U.S. Dollar; partially offset by (3) unfavorable mix due primarily to decreased sales of full-size trucks and SUVs in the Middle East due to low global oil prices.

In the nine months ended September 30, 2016 EBIT-adjusted decreased due primarily to: (1) unfavorable mix due primarily to decreased sales of full-size trucks and SUVs in the Middle East due to low global oil prices; (2) decreased net wholesale volumes; and (3) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the South African Rand and Egyptian Pound against the U.S. Dollar; partially offset by (4) favorable Cost associated with material and freight performance related to carryover vehicles.

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Wholesale vehicles including vehicles exported to markets outside of China	905	830	2,752	2,622
Total net sales and revenue	\$10,945	\$ 9,889	\$32,417	\$ 31,097
Net income	\$956	\$ 972	\$3,021	\$ 3,104
	September 30, 2016	December 31, 2015		
Cash and cash equivalents	\$ 5,334	\$ 5,939		
Debt	\$ 256	\$ 184		

GM South America

35

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended		Favorable / (Unfavorable)	%	Variance Due To				
	September 2016	September 2015			Volume	Mix	Price	Cost	Other
					(Dollars in billions)				
Total net sales and revenue	\$2,029	\$ 1,738	\$ 291	16.7%	\$0.1	\$0.1	\$0.2		\$(0.1)
EBIT (loss)-adjusted	\$(121)	\$(217)	\$ 96	44.2%	\$—	\$—	\$0.2	\$	—\$(0.1)
EBIT (loss)-adjusted margin	(6.0)%	(12.5)%	6.5	%					
	(Vehicles in thousands)								
Wholesale vehicle sales	153	142	11	7.7 %					
					Variance Due To				
					Volume	Mix	Price	Cost	Other
					(Dollars in billions)				
Total net sales and revenue	\$5,010	\$ 5,939	\$ (929)	(15.6)%	\$(0.5)	\$—	\$0.7		\$(1.2)
EBIT (loss)-adjusted	\$(309)	\$(575)	\$ 266	46.3 %	\$(0.1)	\$(0.2)	\$0.7	\$0.1	\$(0.3)
EBIT (loss)-adjusted margin	(6.2)%	(9.7)%	3.5	%					
	(Vehicles in thousands)								
Wholesale vehicle sales	400	435	(35)	(8.0)%					

GMSA Total Net Sales and Revenue In the three months ended September 30, 2016 Total net sales and revenue increased due primarily to: (1) favorable pricing related to carryover vehicles due primarily to high inflation in Argentina; (2) favorable wholesale volumes primarily in Brazil driven by Chevrolet Onix sales due to increased marketing efforts; and (3) favorable mix due to the launch of the Chevrolet Cruze in Brazil; partially offset by (4) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Argentinian Peso against the U.S. Dollar, partially offset by the strengthening of the Brazilian Real against the U.S. Dollar.

In the nine months ended September 30, 2016 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes primarily in Venezuela, Brazil and Ecuador caused by difficult economic conditions; and (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of all currencies across the region against the U.S. Dollar; partially offset by (3) favorable pricing related to carryover vehicles due primarily to high inflation in Argentina.

GMSA EBIT (Loss)-Adjusted In the three months ended September 30, 2016 EBIT (loss)-adjusted decreased due primarily to: (1) favorable pricing; partially offset by (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Argentinian Peso against the U.S. Dollar.

In the nine months ended September 30, 2016 EBIT (loss)-adjusted decreased due primarily to: (1) favorable pricing; and (2) favorable Cost due primarily to lower engineering expenses; partially offset by (3) unfavorable mix due primarily to the lack of Chevrolet Silverado and Aveo sales in Venezuela; (4) unfavorable wholesale volumes; and (5) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Argentinian Peso against the U.S. Dollar.

GM Financial

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended				Nine Months Ended			
	September 30, 2016	September 30, 2015	Increase / (Decrease)	%	September 30, 2016	September 30, 2015	Increase/ (Decrease)	%
Total revenue	\$2,499	\$1,707	\$792	46.4 %	\$6,866	\$4,576	\$2,290	50.0 %
Provision for loan losses	\$172	\$144	\$28	19.4 %	\$519	\$440	\$79	18.0 %
Earnings before income taxes-adjusted	\$229	\$231	\$(2)	(0.9) %	\$720	\$670	\$50	7.5 %
Earnings before income taxes-adjusted margin	9.2 %	13.5 %	(4.3) %		10.5 %	14.6 %	(4.1) %	
(Dollars in billions)								
Average debt outstanding	\$66.3	\$46.7	\$19.6	42.0 %	\$61.8	\$42.1	\$19.7	46.8 %
Effective rate of interest paid	3.2 %	3.5 %	(0.3) %		3.3 %	3.8 %	(0.5) %	

GM Financial Revenue In the three months ended September 30, 2016 Total revenue increased due primarily to increased leased vehicle income of \$0.8 billion due to a larger lease portfolio.

In the nine months ended September 30, 2016 Total revenue increased due primarily to increased leased vehicle income of \$2.3 billion due to a larger lease portfolio.

GM Financial Earnings Before Income Taxes-Adjusted In the three months ended September 30, 2016 Earnings before income taxes-adjusted remained flat due primarily to: (1) increased revenue of \$0.8 billion; partially offset by (2) increased leased vehicle expense of \$0.6 billion due to a larger lease portfolio; (3) increased interest expense of \$0.1 billion due to an increase in average debt outstanding; and (4) increased operating expenses of \$0.1 billion.

In the nine months ended September 30, 2016 Earnings before income taxes-adjusted increased due primarily to: (1) increased revenue of \$2.3 billion; partially offset by (2) increased leased vehicle expense of \$1.8 billion due to a larger lease portfolio; (3) net increase in interest expense of \$0.3 billion due to an increase in average debt outstanding; and (4) increased operating expenses of \$0.1 billion.

Liquidity and Capital Resources We believe that our current level of cash and cash equivalents, marketable securities and availability under our revolving credit facilities will be sufficient to meet our liquidity needs. We expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. We also maintain access to the capital markets and may issue debt or equity securities from time to time, which may provide an additional source of liquidity. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are focused on three objectives: (1) reinvest in our business; (2) maintain an investment-grade balance sheet; and (3) return cash to stockholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures of approximately \$9 billion annually as well as payments for engineering and product development activities; (2) payments associated with previously announced vehicle recalls, the settlements of the multidistrict litigation and any other recall-related contingencies; (3) payments to service debt and other long-term obligations, including discretionary and mandatory contributions to our pension plans; (4) payments for previously announced restructuring activities; (5) dividend payments on our common stock that are declared by our Board of Directors; and (6) payments to purchase shares of our common stock under programs authorized by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the "Forward-Looking Statements" section of this MD&A and the "Risk Factors" section of our 2015 Form 10-K, some of which are outside of our control.

We continue to monitor and evaluate opportunities to strengthen our competitive position over the long term while maintaining an investment-grade balance sheet. These actions may include opportunistic payments to reduce our long-term obligations as well as the possibility of acquisitions, dispositions, investments with joint venture partners and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may negatively impact our liquidity in the short term.

Management's capital allocation framework includes a combined cash and marketable securities balance target of \$20 billion and plans to reinvest in the business at an average target ROIC-adjusted rate of 20% or greater. In connection with this framework we announced that our Board of Directors had authorized a program to purchase up to \$5 billion of our common stock before the

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

end of 2016, which we completed one quarter ahead of schedule in the three months ended September 30, 2016. In January 2016 we announced that our Board of Directors had authorized the purchase of up to an additional \$4 billion of our common stock (an aggregate total of \$9 billion) before the end of 2017. Also, in January 2016 we announced an increase of our quarterly common stock dividend to \$0.38 per share effective in the three months ended March 31, 2016. Through October 21, 2016 we had purchased an aggregate of 150 million shares of our outstanding common stock under our common stock repurchase program for \$5.0 billion.

In February 2016 we issued \$2.0 billion in aggregate principal amount of automotive senior unsecured notes and used the entire net proceeds to fund discretionary contributions to our U.S. hourly pension plan in the nine months ended September 30, 2016 to improve its funded status. Refer to Note 8 to our condensed consolidated financial statements for additional information on the senior unsecured notes.

In May 2016 we amended our two primary revolving credit facilities, increasing our aggregate borrowing capacity from \$12.5 billion to \$14.5 billion. These facilities consist of a three-year, \$4.0 billion facility and a five-year, \$10.5 billion facility. Both facilities are available to us as well as certain wholly-owned subsidiaries, including GM Financial. The three-year, \$4.0 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of \$1.0 billion and a letter of credit sub-facility of \$1.0 billion. The five-year, \$10.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of \$3.0 billion and a letter of credit sub-limit of \$500 million.

Automotive Liquidity Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations. There have been no significant changes in the management of our liquidity, including the allocation of our available liquidity, the composition of our portfolio and our investment guidelines since December 31, 2015. Refer to the "Liquidity and Capital Resources" section of MD&A in our 2015 Form 10-K.

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. The total size of our credit facilities was \$14.6 billion at September 30, 2016 and \$12.6 billion at December 31, 2015, which consisted principally of our two primary revolving credit facilities. We did not have any borrowings against our primary facilities, but had letters of credit outstanding under our sub-facility of \$0.6 billion at September 30, 2016. GM Financial had access to our revolving credit facilities at September 30, 2016 and December 31, 2015 but did not borrow against them. We had intercompany loans from GM Financial of \$0.8 billion and \$0.4 billion at September 30, 2016 and December 31, 2015, which consisted primarily of amounts used to fund company vehicles and for commercial loans to dealers we consolidate. At September 30, 2016 GM Financial had borrowed \$0.4 billion from us in connection with the funding commitments under the support agreement entered into in September 2014, which is expected to be repaid during the fourth quarter of 2016. The following table summarizes our automotive available liquidity (dollars in billions):

	September 30, December 31,	
	2016	2015
Cash and cash equivalents	\$ 13.3	\$ 12.1
Marketable securities	8.2	8.2
Available liquidity	21.5	20.3
Available under credit facilities	14.0	12.2
Total automotive available liquidity	\$ 35.5	\$ 32.5

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

38

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Nine Months Ended September 30, 2016
Operating cash flow	\$ 10.0
Capital expenditures	(6.8)
Dividends paid and payments to purchase common stock	(3.3)
Investment in Lyft	(0.5)
Acquisition of Cruise	(0.3)
Issuance of senior unsecured notes	2.0
Increase in available credit facilities	1.8
Net activity with GM Financial	0.1
Total change in automotive available liquidity	\$ 3.0

Automotive Cash Flow (Dollars in Billions)

	Nine Months Ended		
	September 2016	September 2015	Change
Operating Activities			
Net income	\$6.9	\$ 2.8	\$ 4.1
Depreciation, amortization and impairment charges	4.2	4.4	(0.2)
Pension and OPEB activities	(3.5)	(1.0)	(2.5)
Working capital	0.5	(0.8)	1.3
Equipment on operating leases	0.5	(1.5)	2.0
Accrued liabilities and other liabilities	0.2	2.3	(2.1)
Income taxes	1.5	0.6	0.9
Undistributed earnings of nonconsolidated affiliates, net	0.4	0.3	0.1
Other	(0.7)	0.7	(1.4)
Net automotive cash provided by operating activities	\$10.0	\$ 7.8	\$ 2.2

In the nine months ended September 30, 2016 the change in Pension and OPEB activities was due primarily to discretionary contributions of \$2.0 billion made to our U.S. hourly pension plan. The change in Working capital was due primarily to increased accounts payable due to increased production volumes. The changes in Equipment on operating leases and Accrued liabilities and other liabilities were due primarily to the reduction of units delivered to rental car companies. The change in Income taxes was due primarily to an increase in pre-tax income. The change in Other was related primarily to foreign currency remeasurements.

	Nine Months Ended		
	September 2016	September 2015	Change
Investing Activities			
Capital expenditures	\$(6.8)	\$(5.3)	\$(1.5)
Acquisitions and liquidations of marketable securities, net	0.1	1.1	(1.0)
Investment in Lyft	(0.5)	—	(0.5)
Acquisition of Cruise	(0.3)	—	(0.3)

Edgar Filing: General Motors Co - Form 10-Q

Other	0.1	—	0.1
Net automotive cash used in investing activities	\$(7.4)	\$(4.2)	\$(3.2)

In the nine months ended September 30, 2016 the change in Acquisitions and liquidations of marketable securities, net was due primarily to the rebalancing of our investment portfolio between marketable securities and cash and cash equivalents as part of liquidity management in the normal course of business.

39

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Nine Months Ended		
	September 2016	September 2015	Change
Financing Activities			
Issuance of senior unsecured notes	\$2.0	\$ —	\$ 2.0
Dividends paid and payments to purchase common stock	(3.3)	(4.6)	1.3
Other	(0.2)	—	(0.2)
Net automotive cash used in financing activities	\$(1.5)	\$ (4.6)	\$ 3.1

In the nine months ended September 30, 2016 the change in Net automotive cash used in financing activities was due primarily to the issuance of senior unsecured notes.

Adjusted Automotive Free Cash Flow (Dollars in Billions)

	Nine Months Ended	
	September 2016	September 2015
Net automotive cash provided by operating activities	\$10.0	\$ 7.8
Less: capital expenditures	(6.8)	(5.3)
Adjustment – discretionary pension plan contributions	2.0	—
Adjusted automotive free cash flow	\$5.2	\$ 2.5

Status of Credit Ratings We receive ratings from four independent credit rating agencies: DBRS Limited, Fitch, Moody's and S&P. In February 2016 Moody's revised their outlook to Positive from Stable. In March 2016 DBRS Limited upgraded our corporate rating and revolving credit facilities rating to BBB from BBB (low) and revised their outlook to Stable from Positive. In April 2016 S&P revised their outlook to Positive from Stable. In June 2016 Fitch revised their outlook to Positive from Stable. Ratings on the amended and restated revolving credit facilities are unchanged.

Automotive Financing – GM Financial Liquidity GM Financial's primary sources of cash are finance charge income, leasing income and proceeds from the sale of terminated leased vehicles, servicing fees, net distributions from secured debt facilities, including securitizations, secured and unsecured borrowings and collections and recoveries on finance receivables. GM Financial's primary uses of cash are purchases of retail finance receivables and leased vehicles, the funding of commercial finance receivables, repayment of secured and unsecured debt, funding credit enhancement requirements in connection with securitizations and secured debt facilities, operating expenses and interest costs. GM Financial continues to monitor and evaluate opportunities to optimize its liquidity position and the mix of its debt. The following table summarizes GM Financial's available liquidity (dollars in billions):

	September 30, December 31,	
	2016	2015
Cash and cash equivalents	\$ 2.6	\$ 3.1
Borrowing capacity on unpledged eligible assets	11.6	9.7
Borrowing capacity on committed unsecured lines of credit	0.7	0.9
Available liquidity	\$ 14.9	\$ 13.7

In the nine months ended September 30, 2016 available liquidity increased due primarily to: (1) additional capacity on new and renewed secured credit facilities; and (2) increased borrowing capacity resulting from the issuance of unsecured debt and increased retail deposits.

As previously mentioned GM Financial has the ability to borrow up to \$1.0 billion against our three-year, \$4.0 billion revolving credit facility and up to \$3.0 billion against our five-year, \$10.5 billion revolving credit facility.

GM Financial Cash Flow (Dollars in Billions)

40

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Nine Months Ended		
	September 2016	September 2015	September 30, Change
Net cash provided by operating activities	\$3.9	\$ 2.2	\$ 1.7
Net cash used in investing activities	\$(18.1)	\$(16.4)	\$(1.7)
Net cash provided by financing activities	\$13.7	\$ 13.0	\$ 0.7

In the nine months ended September 30, 2016 Net cash provided by operating activities increased due primarily to an increase in leased vehicle income, partially offset by increased operating expenses and interest expense.

In the nine months ended September 30, 2016 Net cash used in investing activities increased due primarily to: (1) increased purchases of leased vehicles of \$4.0 billion; and (2) increased purchases and funding of finance receivables of \$1.0 billion; partially offset by (3) increased collections on finance receivables of \$1.2 billion; (4) increased proceeds from the termination of leased vehicles of \$1.1 billion; and (5) prior year impact of cash used for the acquisition of the equity interest in SAIC-GMAC Automotive Finance Company Limited of \$0.9 billion in 2015.

In the nine months ended September 30, 2016 Net cash provided by financing activities increased due primarily to a net increase in borrowings.

Critical Accounting Estimates The condensed 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the periods presented. We believe the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in developing estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. The critical accounting estimates that affect the condensed consolidated financial statements and the judgments and assumptions used are consistent with those described in the MD&A section in our 2015 Form 10-K.

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,” “appears,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “ex,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “will,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include, among others: (1) our ability to maintain profitability over the long-term, including our ability to fund and introduce new and improved vehicle models that are able to attract a sufficient number of consumers; (2) the success of our full-size pick-up trucks and SUVs; (3) global automobile market sales volume, which can be volatile; (4) the results of our joint ventures, which we cannot operate solely for our benefit and over which we may have limited control; (5) our ability to realize production efficiencies and to achieve reductions in costs as we implement operating effectiveness initiatives throughout our automotive operations; (6) our ability to maintain quality control over our vehicles and avoid material vehicle recalls and the cost and effect on our reputation and products; (7) our ability to maintain adequate liquidity and

financing sources including as required to fund our new technology; (8) our ability to realize successful vehicle applications of new technology and our ability to deliver new products, services and customer experiences in response to new participants in the automotive industry; (9) volatility in the price of oil; (10) the ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules; (11) risks associated with our manufacturing facilities around the world; (12) our ability to manage the distribution channels for our products; (13) our ability to successfully restructure our operations in various countries; (14) the continued availability of wholesale and retail financing in markets in which we operate to support the sale of our vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing; (15) changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate; (16) 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

41

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

vehicle models by our competitors; (17) significant changes in economic, political, regulatory and market conditions in the countries in which we operate, particularly China, with the effect of competition from new market entrants and in the United Kingdom with passage of a referendum to discontinue membership in the European Union; (18) changes in existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, particularly laws, regulations and policies relating to vehicle safety including recalls, and including such actions that may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates; (19) stricter or novel interpretations and consequent enforcement of existing laws, regulations and policies; (20) costs and risks associated with litigation and government investigations including the potential imposition of damages, substantial fines, civil lawsuits and criminal penalties, interruptions of business, modification of business practices, equitable remedies and other sanctions against us in connection with various legal proceedings and investigations relating to our various recalls; (21) our ability to comply with the terms of the DPA; (22) our ability to manage risks related to security breaches and other disruptions to our vehicles, information technology networks and systems; (23) significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or mortality or other assumption changes; (24) our continued ability to develop captive financing capability through GM Financial; and (25) 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.

* * * * *

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our exposure to market risk since December 31, 2015. Refer to Item 7A of our 2015 Form 10-K.

* * * * *

Item 4. 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 disclosures.

Our management, with the participation of our CEO 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 September 30, 2016. Based on this evaluation required by paragraph (b) of Rules 13a-15 or 15d-15, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2016.

Changes in Internal Control over Financial Reporting There have not been any changes in our internal control over financial reporting during the three months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

* * * * *

42

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

Item 1. Legal Proceedings

Refer to the discussion in the "Litigation-Related Liability and Tax Administrative Matters" section in Note 11 to our condensed consolidated financial statements and the 2015 Form 10-K for information relating to certain legal proceedings.

* * * * *

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 these risk factors. There have been no material changes to the Risk Factors disclosed in our 2015 Form 10-K.

* * * * *

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities The following table summarizes our purchases of common stock in the three months ended September 30, 2016:

	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased Under Announced Programs(b)	Approximate Dollar Value of Shares That May Yet be Purchased Under Announced Programs
July 1, 2016 through July 31, 2016	3,676,066	\$ 29.93	1,798,067	\$5.1 billion
August 1, 2016 through August 31, 2016	20,540,690	\$ 31.38	20,528,890	\$4.5 billion
September 1, 2016 through September 30, 2016	15,835,750	\$ 31.60	15,826,281	\$4.0 billion
Total	40,052,506	\$ 31.33	38,153,238	

Shares purchased consist of: (1) shares purchased under our previously announced common stock repurchase program; (2) shares retained by us for the payment of the exercise price upon the exercise of warrants; and (3) shares delivered by employees or directors to us for the payment of taxes resulting from issuance of common stock upon the vesting of Restricted Stock Units and Restricted Stock Awards relating to compensation plans. Refer to our consolidated financial statements in our 2015 Form 10-K for additional details on warrants issued and employee stock incentive plans.

In March 2015 our Board of Directors authorized a program to purchase up to \$5 billion of our common stock before the end of 2016, which we completed in the three months ended September 30, 2016. Effective January 2016 our Board of Directors increased the authorization to purchase up to an additional \$4 billion of our common stock (or an aggregate total of \$9 billion) before the end of 2017.

* * * * *

43

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 6. Exhibits

Exhibit Number	Exhibit Name	
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	Certification 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
101.INS*	XBRL Instance Document	Filed Herewith
101.SCH*	XBRL Taxonomy Extension Schema Document	Filed Herewith
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document	Filed Herewith
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document	Filed Herewith
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document	Filed Herewith
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document	Filed Herewith

*Submitted electronically with this Report.

* * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENERAL MOTORS COMPANY (Registrant)

By: /s/ THOMAS S. TIMKO

Thomas S. Timko, Vice President, Controller and Chief Accounting Officer

Date: October 25, 2016