

# General Motors – Behind the Charts

June 25, 2015

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GENERAL MOTORS

# Forward Looking Statements

In this presentation and in related comments by our management, our use of the words “plans,” “expect,” “anticipate,” “possible,” “target,” “believe,” “commit,” “intend,” “continue,” “may,” “would,” “could,” “should,” “project,” “appears,” “potential,” “projected,” “upside,” “positioned,” “outlook” or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. 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. Among other items, such factors may include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls and the cost and effect on our reputation of product recalls; our ability to maintain adequate financing sources, including as required to fund our planned significant investment in new technology; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; overall strength and stability of our markets, particularly outside of North America and China; costs and risks associated with litigation and government investigations including those related to our recent recalls; our ability to remain competitive and our ability to continue to attract new customers, particularly for our new products.

General Motors Co. (“GM”)’s most recent annual report on Form 10-K and quarterly reports on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the Securities and Exchange Commission (the “SEC”).

# Agenda

- Reporting
- Understanding the EBIT Bridge
- Warranty & Recall Accounting
- Taxes
- Automotive Cash Flow Considerations
- Appendix

*The purpose of this presentation is to highlight how GM accounts for key financial elements as well as to answer frequently asked questions*

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# Reporting – Segments

- ¶ GM reports results through five total segments broken out between *Automotive* and *Automotive Financing*
  - *Automotive* (includes vehicle manufacturing & sales, parts & accessories, and OnStar)
    - GM North America (GMNA)
    - GM Europe (GME)
    - GM International Operations (GMIO)
      - » Includes GM International (GMI) and Equity Income from Automotive China Joint Ventures (“JVs”)
    - GM South America (GMSA)
  - *Automotive Financing*
    - GM Financial (GMF)
      - » Includes Equity Income from GM Financial China JV
- ¶ Corporate/Eliminations – Nonsegment operations
  - Consists of centrally recorded income and costs such as interest, income taxes, financial hedging gains/losses/costs, and corporate expenditures, such as corporate governance costs and legal fees, and certain nonsegment specific revenues and expenses

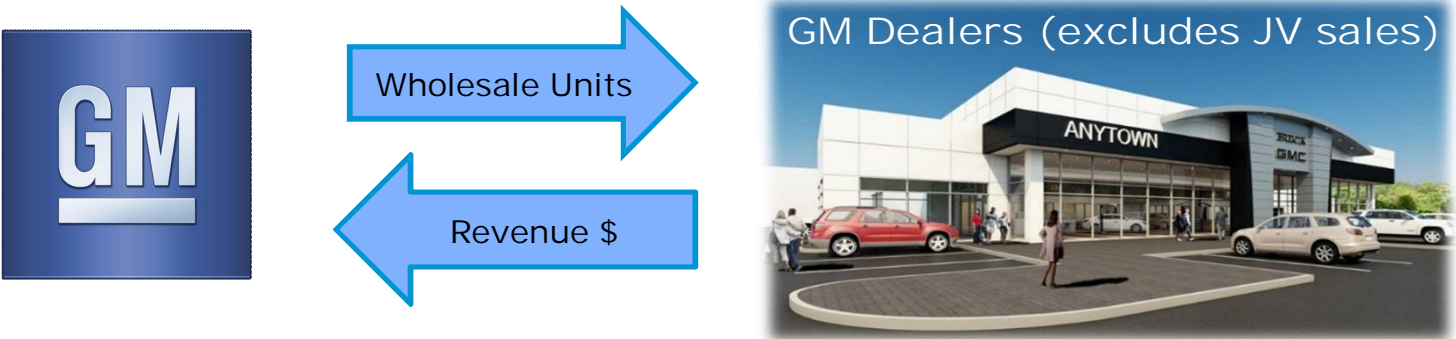
## Reporting – Country of Sale

- ¶ We report revenue and profitability in the region in which we sell vehicles, parts & accessories, & services to third party customers
  - Improves profit and revenue visibility by market
  - Insightful for managerial decisions (capital allocation, sales/profitability accountability)
  
- ¶ We report our segment volumes on a wholesale basis (not production or retail basis)
  - Fully aligns volumes with country of sale reporting / Profit & Loss
  - Wholesale is when revenue is recognized

# Reporting – Wholesale vs. Retail

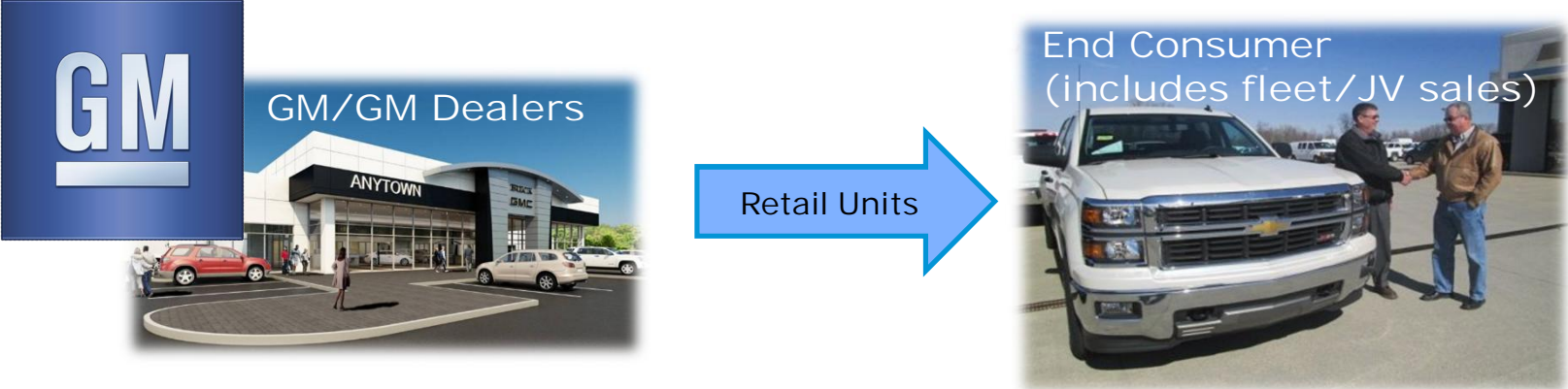
## Wholesale

Represents sales to dealers/others and correlates with GM reported revenue



## Retail

Represents sales to end consumers and correlates with market share and global deliveries



# Reporting – Wholesale vs. Retail

2014 CY Wholesale and Retail vehicle sales by segment:

Wholesale Vehicle Sales (in thousands)		Retail Vehicle Sales (in thousands)			Market Share
	GM		GM	Industry	
GMNA	3,320	GMNA	3,413	20,237	16.9%
GME	1,172	GME	1,256	18,731	6.7%
GMIO	655	GMIO*	4,378	42,980	10.2%
GMSA	886	GMSA	878	5,301	16.6%
Worldwide	6,033	Worldwide	9,925	87,249	11.4%

Wholesale volumes of non-consolidated joint ventures (primarily China JVs) are included in retail vehicle sales instead of wholesale vehicle sales

Note: Information per p. 1-2 of the 2014 10-K

\*For China, end user retail data is not readily available for the industry; therefore, wholesale volumes were used for GM, Industry, and Market Share



# Production to Retail – An Example

<u>Example Quarter Activity (in thousands) *</u>	
<i>Production</i>	900
Imports	50
Exports	(40)
Adjustments to Company Inventory	<u>(5)</u>
<i>Factory Unit Sales</i>	905
Daily Rental	(75)
Daily Rental Auctions	<u>20</u>
<i>Wholesale Units</i>	<u><u>850</u></u>
<i>Retail Units</i>	950

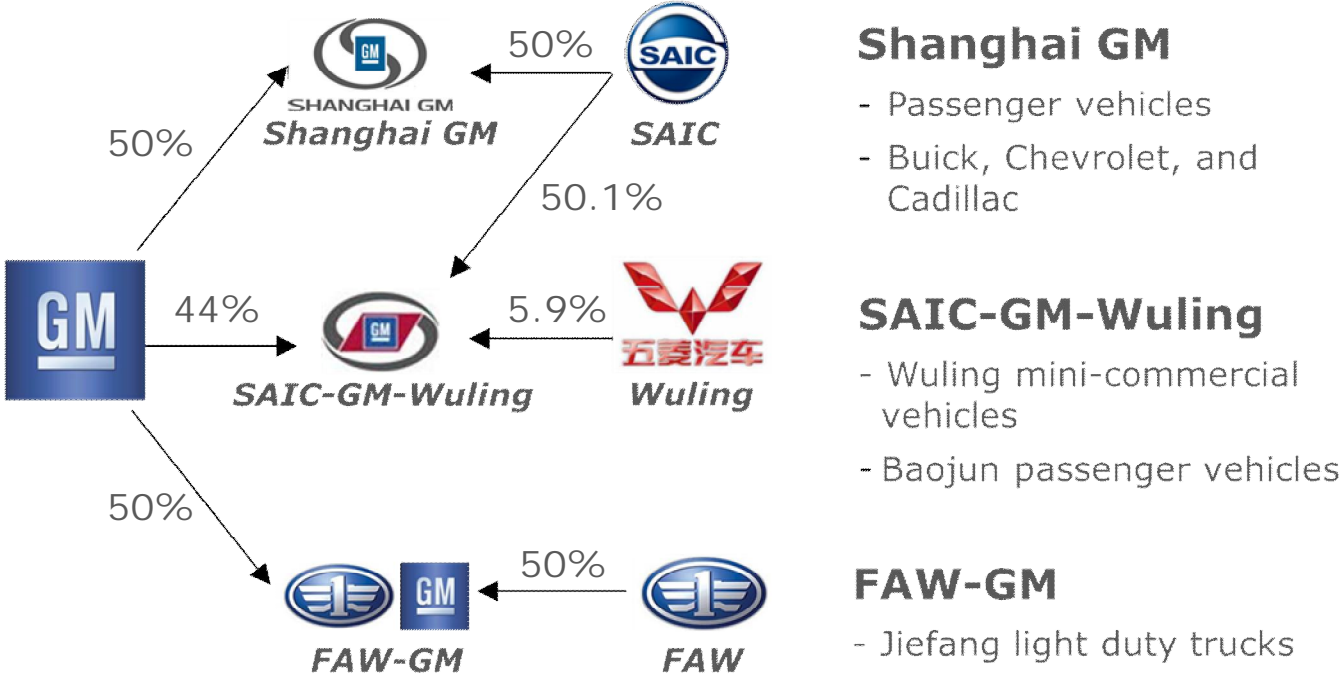
Wholesale units don't include rental cars sold that have guaranteed repurchase obligations; these are recorded as operating leases with lease revenue recorded over the lease period.

Once a rental car is sold at auction, GM recognizes it as a wholesale unit and recognizes the majority of revenue and cost of sales. GM also recognizes any difference between estimated and actual auction proceeds.

# Reporting – Joint Ventures

- Nonconsolidated affiliates are entities in which an equity interest is maintained and the equity method of accounting is used
- The majority of our nonconsolidated affiliates are JVs located in China, financial results from these JVs are not consolidated into our financial statements, though recognized as equity income

## Summary of our direct ownership interest in Automotive China JVs



Note: Shanghai GM excludes the sales company "SAIC General Motors Sales Company" which is 49% owned by GM and 51% owned by SAIC

Note: Additional information on our nonconsolidated affiliates is found on p. 74-76 of the 2014 10-K (Note 8)

## Reporting – Joint Ventures

- Proportionate share of earnings of each JV is reflected as *Equity income* on the Income Statement

	Three Months Ended	
	March 31, 2015	March 31, 2014
Automotive China JVs	\$ 519	\$ 595
Other joint ventures	34	10
<b>Total equity income</b>	<b>\$ 553</b>	<b>\$ 605</b>

*This table is presented quarterly and located on p. 10 of 2015 1Q 10-Q (Note 5)*

- The carrying amount of investments in nonconsolidated affiliates resides in *Total equity in net assets of nonconsolidated affiliates* on the Balance Sheet

	December 31, 2014
China JVs	\$ 8,140
Other investments	210
<b>Total equity in net assets of nonconsolidated affiliates</b>	<b>\$ 8,350</b>

*This table is presented annually and located on p. 75 of 2014 10-K (Note 8)*

- Cash flow impact is reflected on the consolidated statements of cash flows when dividends are paid from a JV to GM. *Undistributed earnings of nonconsolidated affiliates and gains on investments* represents the component of JV earnings that have not been repaid in the form of a dividend

## Reporting – Special Items: EBIT-Adjusted

- ¶ EBIT-Adjusted is our internal measure of profitability and represents earnings before interest and taxes, adjusted for “special items”
- ¶ A special item is defined as an event or transaction that is not a part of the normal operating cycle of ongoing operations
- ¶ EBIT-Adjusted is reconciled to our most relevant U.S. GAAP equivalent
- ¶ Useful to exclude special items to more accurately track core operational performance
  - EBIT-Adjusted (non-GAAP) excludes special items

## Special Items – Examples

Example	Special Item?	Example	Special Item?
Gain/loss on acquisition or disposition of a business or investment	✓	Routine restructuring activities (employee restructuring, employee separation costs, etc.)	✗
Gain/loss on extinguishment of debt	✓	Routine impairment of PP&E	✗
Certain impairments (investments, long lived assets, goodwill)	✓	Impairments of special tooling (e.g. impairment associated with a low-performing vehicle line)	✗
Costs associated with strategic shift in operations of the business (e.g. exiting a brand in a market)	✓	Gain/loss on disposition of assets (e.g. machinery and equipment or tooling)	✗
Settlement loss on pension plans arising from a discrete management action to derisk the pension plans	✓	Routine policy and warranty reserve adjustment, including large recall campaign costs	✗

# Impact of Special Items

- Special Item Adjustments to Earnings:

	Q1 2014	Q1 2015
<b>Net Income to Common Stockholders (\$B)</b>	<b>0.1</b>	<b>0.9</b>
<b>EPS - Diluted (\$/Share)</b>	<b>0.06</b>	<b>0.56</b>
<b><u>Included in Above (\$B):</u></b>		
Venezuela Currency Devaluation*	(0.4)	—
Russia Exit Costs*	—	(0.4)
Ignition Switch Recall Compensation Program*	—	(0.1)
<b>Total Impact Net Income to Common Stockholders (\$B)</b>	<b>(0.4)</b>	<b>(0.5)</b>
<b>Total Impact EPS - Diluted (\$/Share)</b>	<b>(0.23)</b>	<b>(0.30)</b>
<b>EPS - Diluted-Adjusted (\$/Share)</b>	<b>0.29</b>	<b>0.86</b>
<i>Diluted weighted-average common shares outstanding</i>	<i>1,691</i>	<i>1,686</i>

Earnings Per Share (EPS) includes special items

After-tax impact of special items on Net Income

Impact of special items for the quarter was (.30) per share

EPS Adjusted for Special Items

## Reporting – Special Items: Adjusted Auto Free Cash Flow

- ¶ Adjusted Automotive Free Cash Flow is defined as our cash inflow (or outflow) from operations less cash outflows from capital expenditures, adjusted for special items
- ¶ Useful for investors regarding the liquidity of our automotive operations
- ¶ Special items for free cash flow are adjustments for management actions primarily related to the strengthening of our balance sheet
- ¶ Special Item Adjustments to Auto Free Cash Flow:

	Years Ended December 31,		
	2014	2013	2012
Operating cash flow	\$ 10.1	\$ 11.0	\$ 9.6
Less: capital expenditures	(7.0)	(7.5)	(8.0)
Adjustments	—	0.2	2.7
Adjusted free cash flow	<u>\$ 3.1</u>	<u>\$ 3.7</u>	<u>\$ 4.3</u>

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## EBIT-Adjusted Bridge Definitions

- ¶ We explain the year-over-year variance of our consolidated and segment specific EBIT-Adjusted using the following categories

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Volume:	Changes in number of wholesale vehicles sold (at prior period portfolio average vehicle variable profit per unit) <i>Vehicle variable profit drivers include gross sales, sales allowances, material costs, freight costs, and the variable portion of Policy &amp; Warranty (“P&amp;W”) costs and Manufacturing costs.</i>
Mix:	Changes in product mix sold – includes <i>current</i> mix and <i>new</i> product mix, retail vs. fleet, country/segment/model/trim levels/options
Price:	The economic price change related to <i>current</i> vehicles including both Gross Price (MSRP) and Sales Allowances for both retail & fleet. In addition, includes all price changes related to <i>majors</i> .
Cost:	Change in variable (includes economic material/freight changes on <i>current</i> vehicles, all material/freight changes on <i>majors</i> , P&W/Recall reserve adjustments, non-vehicle activity (i.e. OnStar & Parts & Accessories)) and fixed cost (includes fixed manufacturing, D&A, engineering, restructuring, SG&A)
Other:	Changes primarily related to non-operating income, equity income, noncontrolling interest, GMF and foreign exchange impacts (transactional & translational)

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*Note:*

*Current* – existing carryover vehicles, which does not include new or majors

*Majors* – Vehicles launched within the last twelve months incorporating significant exterior and / or interior changes versus the previous existing GM entry.

*New* – new to a segment or new architecture. Incremental profit for new GM entrants launched within the last twelve months will be reflected as mix.

## Bridge Definitions: Volume & Mix



**Volume:** Measures the vehicle profit variance from changes in wholesale volumes (at prior comparative period portfolio average per unit) driven by changes in industry volume, market share, and dealer stocks within the specific region.

**Mix:** Measures the vehicle profit variances resulting from changes in current mix and new product mix contributed by retail vs. fleet, country, segment, model, trim, and option mix.

- Regional volume and gross mix (prior to the removal of economic performance and FX) variances are calculated first and isolate the impact of the change in regional vehicle volumes and regional vehicle per units at a variable profit level.
  - Volume and Mix vehicle variable profit drivers include gross sales, sales allowances, material costs, freight costs, and the variable portion of P&W costs and Manufacturing costs.
- Current mix among vehicle variance isolates the impact of changes in the mix of carryover vehicles sold.
- New mix among vehicle variance isolates the impact of changes in the mix of vehicles sold that are new to a segment or new architecture.

# Bridge Definitions: Price



Price: Wholesale price changes are for carryover and major vehicles for Gross Revenue and Sales Allowances as well as incentive stock adjustments related to all vehicles residing within a dealer's inventory.

- Carryover vehicle price changes are for economic based price changes (MSRP & Sales Allowances) without a corresponding change in equipment and features.
- Major vehicle price changes include all price changes, including those with a corresponding change in equipment and features.
- Fleet, including Daily rental auction results, also impacts price - the net gain/loss as a result of sale of returned vehicles (difference between expected and actual auction proceeds) is included as a component of price.

# Bridge Definitions: Cost & Other

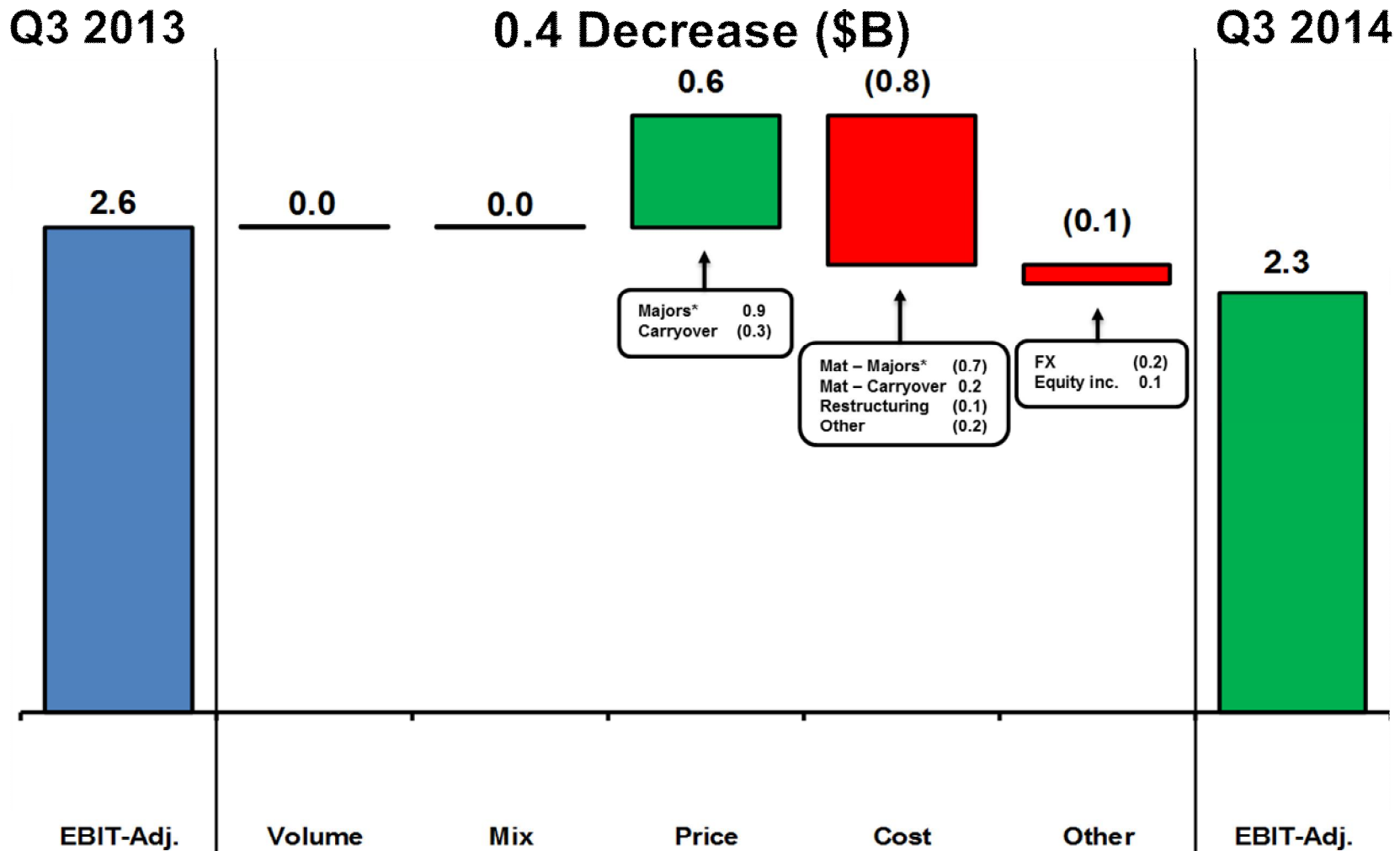


Cost: Measures the profit variance from changes in fixed costs and variable costs including carryover vehicle economic material/freight costs, all material/freight cost changes on major vehicles, P&W/recall reserve adjustments, and non-vehicle activity.

- Fixed costs includes fixed manufacturing, D&A, engineering, restructuring, and SG&A.
- Carryover vehicle material & freight cost changes are for economic based cost changes without a corresponding change in price.
- Major vehicle material & freight cost includes all cost changes, including those with a corresponding change in price.
- Non-vehicle activity is for third-party non-vehicle related sales including parts and accessories & OnStar.

Other: Measures the profit variance from changes primarily related to non-operating income, equity income, noncontrolling interest, GMF, and foreign exchange impacts (transactional & translational).

# Consolidated EBIT – Adjusted Walk - Example



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# Warranty & Recall Accounting

## *Policy & Warranty Expense:*

Wholesale Vehicle  
Sale



Book per unit accrual to  
Automotive cost of sales

## *Recall Campaign Expense GMNA:*

Wholesale Vehicle  
Sale



Book per unit accrual to  
Automotive cost of sales  
(effective Q3 2014)

## *Recall Campaign Expense outside GMNA:*

Recall announced  
and total amount  
reasonably  
estimable



Book total accrual to  
Automotive cost of sales

## Warranty & Recall Accounting

- ¶ Warranty and recall related liabilities are included on our balance sheet in *Accrued liabilities* and *Other liabilities*
- ¶ The following table summarizes activity for policy, product warranty, recall campaigns and courtesy transportation

	Three Months Ended	
	March 31, 2015	March 31, 2014
Beginning balance	\$ 9,646	\$ 7,601
Warranties issued and assumed in period - recall campaigns and courtesy transportation	183	1,386
Warranties issued and assumed in period - policy and product warranty	562	634
Payments	(1,074)	(769)
Adjustments to pre-existing warranties	86	(3)
Effect of foreign currency and other	(161)	(11)
Ending balance	<u>\$ 9,242</u>	<u>\$ 8,838</u>



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## Taxes – Effective Tax Rate-Adjusted

- ¶ Effective Tax Rate Adjusted (ETR-Adj.) = Tax Expense Adjusted / Earnings Before Tax Adjusted (including equity income)
  - GM's ETR-Adj. guidance rate is based on the non-GAAP measures of EBT-Adjusted and Tax Expense-Adjusted
  - Quarterly ETR-Adj. will fluctuate as it can be impacted by tax audit results, changes in tax legislation, and geography of earnings

### ¶ *ETR-Adj. calculation*

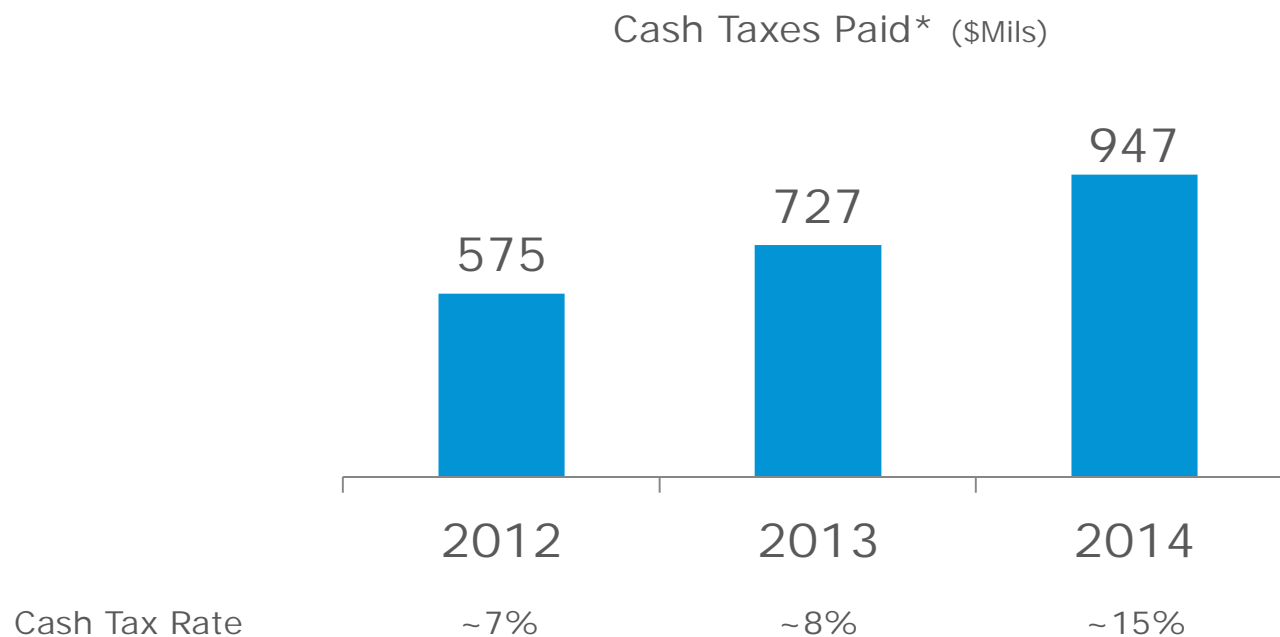
<u>(\$M)</u>	<u>Q1 2014</u>	<u>Q1 2015</u>
<b><u>EBIT-Adjusted</u></b>	466	2,082
Less: Minority Interest	(70)	(15)
Net Interest Expense/(Income)	50	61
<b><u>EBT-Adjusted</u></b>	486	2,036
<b>Tax Expense / (Benefit)</b>	(224)	529
Impact of special items	41	47
<b>Tax Expense / (Benefit)-Adjusted</b>	(183)	576
 <b>Effective Tax Rate-Adjusted</b>	 (38)%	 28%

*Note: Results may not foot due to rounding*

*Expect full year 2015 ETR-Adj. to be in the mid-20% range*

## Taxes – Cash Taxes

- ¶ Cash Tax Rate = Cash Paid for Income Taxes / Earnings Before Tax Adjusted (including equity income)



*Expect Cash Tax Rate to remain low*

## Taxes – Deferred Tax Asset (DTA)

- ¶ Net Operating Losses (NOLs) & Credits: \$14.1B
  - \$7.6B relates to the U.S.
- ¶ Capitalized Research Expenses: \$8.6B
  - Relates entirely to the U.S. and reverses over the next nine years
- ¶ Tax position provides benefit / shield to offset future earnings
  - $(\$14.1B + \$8.6B) / 35\% = \$65B$

	December 31, 2014	
<i>\$ billions</i>	Global Total	Select U.S. Amounts
NOLs & Credits	\$14.1	\$7.6
Capitalized Research	\$8.6	\$8.6
All Other Timing	\$11.5	
Total DTA	<u>\$34.2</u>	<u>\$16.2</u>

*Tax NOLs & credits provide significant benefit to offset tax liability on future earnings*

## Taxes – Valuation Allowances

- ¶ European businesses had deferred tax asset valuation allowances of \$4.4B as of March 31, 2015
  - Based on improving business results in Europe, significant portions of the valuation allowances may be reversed
  - In the quarter in which the valuation allowances are reversed, we will record a significant tax benefit in the income statement which will be treated as a special item
- ¶ Cash taxes in Europe will continue to remain low as we utilize losses from prior periods to offset current tax

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## Adjusted Automotive Free Cash Flow – Example

<b>(\$B)</b>	<b>Q1 2015</b>
<b>Net Income to Common Stockholders</b>	<b>0.9</b>
Adjusted for Non-Controlling Interests & Preferred Dividends	—
Deduct Non-Auto (GM Financial)	(0.1)
<b>Automotive Income</b>	<b>0.8</b>
Non-Cash Special Items	0.6
Depreciation and Amortization*	1.4
Working Capital*	(0.6)
Pension / OPEB - Cash in Excess of Expense	(0.4)
Equipment on Operating Leases	(1.2)
Accrued and Other Liabilities*	(0.3)
Income Taxes (Current & Deferred)*	0.4
Undistributed Earnings of Nonconsolidated affiliates	(0.5)
Other*	(0.2)
<b>Automotive Net Cash Provided by Operating Activities</b>	<b>—</b>
Capital Expenditures	(1.7)
<b>Adjusted Automotive Free Cash Flow</b>	<b>(1.7)</b>

Equipment on operating leases is composed of vehicle sales to daily rental car companies with a guaranteed repurchase obligation

Comprised of dealer/customer allowances, deposits from rental car companies, employee benefits, policy & warranty, and other accruals & other liabilities

Provisions for deferred taxes and current taxes payable

Equity income earned but not yet received as dividends(e.g. China JVs)

# Automotive Cash Flow Considerations

- ¶ GM has favorable cash conversion cycle, particularly in GMNA, due to the differences in collection and payment days
  - Typically, source of cash as sales volumes grow and use of cash as they shrink
  - Our \$20B target cash provides for the working capital unwind in a recession
- ¶ Key drivers of change in cash flow (excluding Capex):
  - Working capital and accrued liabilities
    - » Primarily driven by market demand, product launches, production schedules, plant shutdowns, terms of supplier payments, number of weekly payments in a period, etc.

	YE 2014 Balance (\$B)		YE 2014 Balance (\$B)
Accounts Receivable	9.1		Sales Incentives (8.0)
Inventory	13.6		Customer Deposits (6.1)
Accounts Payable	(22.5)		Product / Warranty (3.6)
Accrued Liabilities	(28.2)		Other (10.5)
<b>Total</b>	<b>(28.0)</b>	→	<b>Total (28.2)</b>

Key volume driven elements of Accrued Liabilities

- JV dividend timing
- Other payments including restructuring, pension funding, and rental car activity
- Common stock dividend payments/share purchases



# Q&A













# Appendix

- Understanding the Earnings Deck & Key Performance Metrics
- Income Statement Considerations
- Balance Sheet Considerations
- Capital Allocation Framework
- GM Financial

# Performance Metrics Defined

- ¶ Global Deliveries: Total global retail sales (includes fleet and JV sales)
- ¶ Global Market Share: Based on retail vehicle sales volume; excludes certain markets where the U.S has trade embargoes
- ¶ Total Net Revenue: Includes Automotive and GM Financial revenue
- ¶ Net Income to Common Stockholders: The net income available to holders of common stock
- ¶ Earnings Before Interest and Taxes, Adjusted (EBIT-Adj.):
  - EBIT-Adj. (Non-GAAP)
  - +/- Special Items
  - + Automotive interest income
  - Automotive interest expense
  - Income tax expense
  - = Net income attributable to stockholders (GAAP)
- ¶ EBIT-Adjusted Margin:  $\text{EBIT-Adjusted} / \text{Total Net Revenue}$
- ¶ Adjusted Automotive Free Cash Flow: Cash flow from operations less capital expenditures adjusted for management actions (reported as special items)
- ¶ Return on Invested Capital (ROIC): EBIT-adjusted for the trailing four quarters divided by average net assets, which is considered to be the average equity balances adjusted for certain assets and liabilities during the same period

# Performance Metrics – Example

	Q1 2014	Q1 2015	vs. Q1 2014
Global Deliveries	2.4M	2.4M	
Global Market Share	11.1%	11.0%	
Net Revenue	\$37.4B	\$35.7B	
Net Income to Common Stockholders	\$0.1B	\$0.9B	
Net Cash from Operating Activities - Automotive	\$2.0B	—	
EBIT-Adjusted*	\$0.5B	\$2.1B	
- GMNA	\$0.6B	\$2.2B	
- GME	\$(0.3)B	\$(0.2)B	
- GMIO	\$0.3B	\$0.4B	
- GMSA	\$(0.2)B	\$(0.2)B	
GM Financial	\$0.2B	\$0.2B	-
Adjusted Automotive Free Cash Flow**	\$0.2B	\$(1.7)B	
Return on Invested Capital (ROIC)***	16.9%	19.5%	

*Note: Performance Summary Example above from Q1 2015 Analyst Earnings Deck*  
*Note: EBIT-Adjusted includes GM Financial on an Earnings Before Tax - Adjusted (EBT-Adjusted) basis*  
*Note: Wholesale deliveries for China market are included within Global Deliveries*  
 \*See EBIT-Adjusted reconciliation on slide S4 of Q1 2015 Analyst Earnings Deck  
 \*\*See Adjusted Automotive Free Cash Flow reconciliation on slide 21 of Q1 2015 Analyst Earnings Deck  
 \*\*\*See ROIC reconciliation on slide S5 of Q1 2015 Analyst Earnings Deck

# Appendix

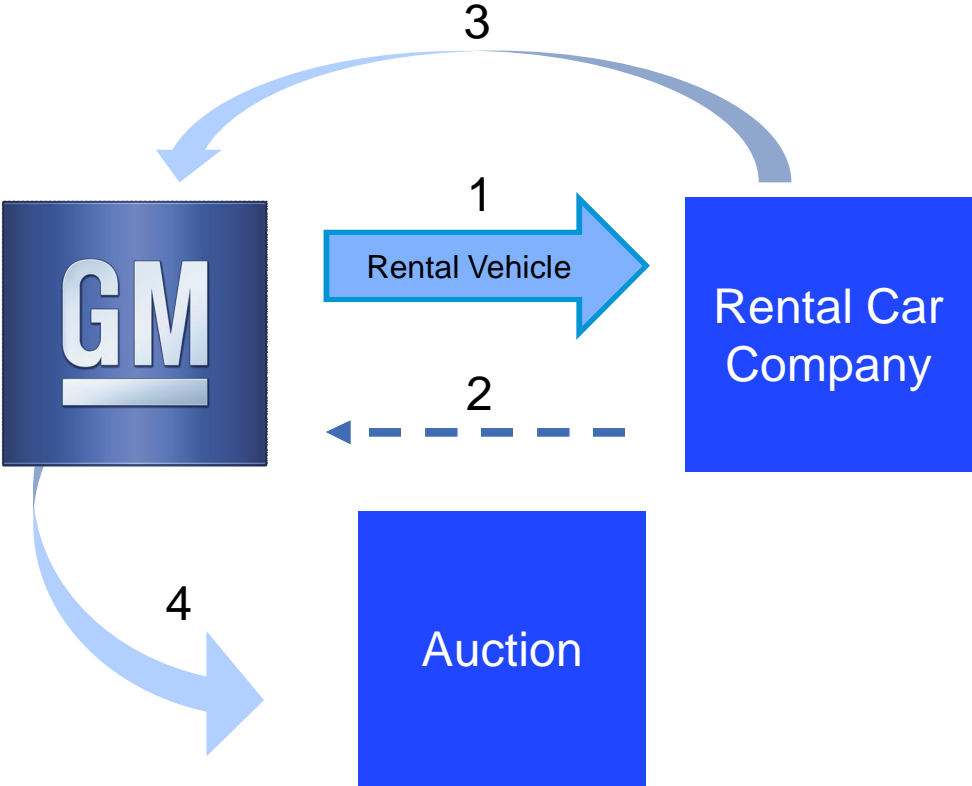
- Understanding the Earnings Deck & Key Performance Metrics
- **Income Statement Considerations**
- Balance Sheet Considerations
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## Revenue Recognition – Automotive

- ¶ Automotive net sales and revenue are primarily composed of revenue generated from the sale of vehicles
  - Includes non-vehicle related revenues from parts & accessories and OnStar
  
- ¶ Vehicle sales are recorded when title and all risks and rewards of ownership have passed to our customers
  - For the majority of our automotive sales this occurs when a vehicle is released to the carrier responsible for transporting to a dealer and when collectability is reasonably assured
  
- ¶ Revenue includes vehicles and other products we sell to our dealers for consumer retail sales, we also sell vehicles to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments

# Rental Car Sales

A significant portion of the sales to daily rental car companies are recorded as operating leases under U.S. GAAP with no recognition of revenue at the date of initial delivery due to guaranteed repurchase obligations

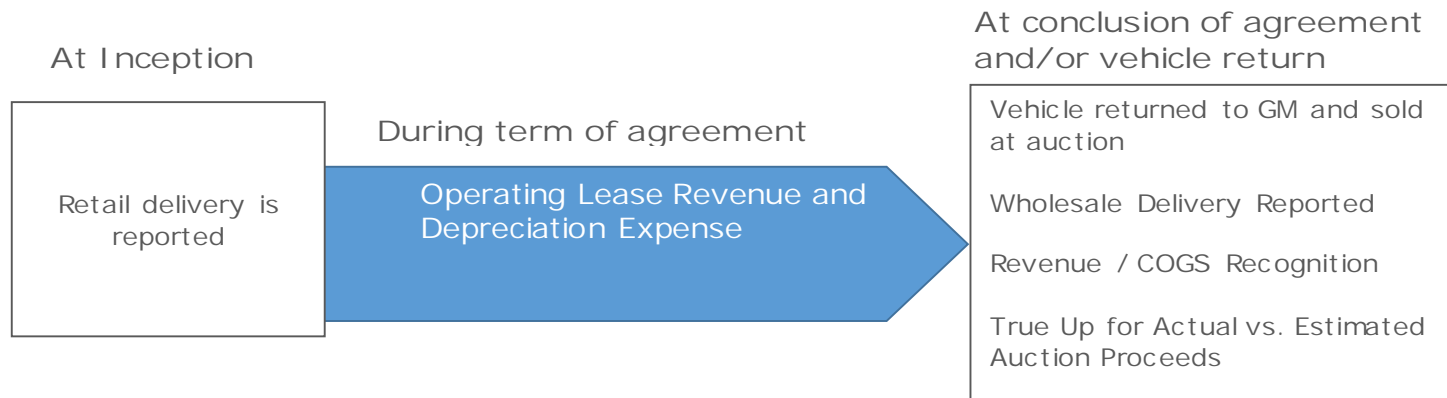


Process:

1. GM sells rental car w/ repurchase obligation (recognized as an operating lease)
  - No revenue recognized initially
  - Retail delivery reported
2. GM recognizes revenue over life of rental contract
3. Rental car repurchased/returned to GM
4. GM sells rental car at auction
  - Any additional revenue recognized
  - Wholesale delivery reported

# Rental Car Accounting for Rentals sold with repurchase agreement

- ¶ Fleet sales represent ~25% of total U.S. retail vehicles sales, of which daily rental sales comprised ~65% of total U.S. fleet sales over the past few years
  - Generally lease terms to rental firms avg. 8 months or less
- ¶ A significant portion of daily rental sales have a repurchase obligation – for those vehicles, the units are maintained on GM's balance sheet during the term of the agreement (as Equipment on operating lease) and the associated P&L is recorded over time





# Rental Car Accounting for Rentals sold with repurchase agreement

## ¶ Balance Sheet Impact

- Equipment on operating leases, net is reported at cost, less accumulated depreciation and impairment, net of origination fees or costs and lease incentives

### Automotive

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

	December 31, 2014	December 31, 2013
Equipment on operating leases	\$ 3,822	\$ 2,605
Less: accumulated depreciation	(258)	(207)
Equipment on operating leases, net	<u>\$ 3,564</u>	<u>\$ 2,398</u>

## ¶ Cash Flow Impact

- An increase/(decrease) in Equipment on Operating Leases is a (use)/source of cash
- An increase/(decrease) in Deposits from Rental Car Companies is a source/(use) of cash

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

	Years Ended December 31,			Year Ended	Year Ended	
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012	
				Change	Change	
<b>Operating Activities</b>						
Net income	\$ 3.5	\$ 4.7	\$ 5.6	\$ (1.2)	\$ (0.9)	
Depreciation, amortization and impairments	6.3	7.6	38.5	(1.3)	(30.9)	
Pension & OPEB activities	(0.9)	(0.8)	(0.5)	(0.1)	(0.3)	
Working capital	(1.6)	(0.5)	(0.7)	(1.1)	0.2	
Equipment on operating leases	(1.9)	(1.0)	0.4	(0.9)	(1.4)	
Accrued liabilities and other liabilities	6.0	0.7	1.0	5.3	(0.3)	
Deferred tax valuation allowance release in the U.S. and Canada	—	—	(36.3)	—	36.3	
Other	(1.3)	0.3	1.6	(1.6)	(1.3)	
Automotive cash flows from operating activities	<u>\$ 10.1</u>	<u>\$ 11.0</u>	<u>\$ 9.6</u>	<u>\$ (0.9)</u>	<u>\$ 1.4</u>	

Includes deposits from rental car companies

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

GENERAL MOTORS Note: Equipment on Operating Leases Table located on p. 73 of the 2014 10-K (Note 7)

Note: Cash flows from Operating activities Table located on p. 41 of the 2014 10-K (Item 7)

## Cost Breakout – Automotive

- ¶ Largest automotive related expenses are *cost of sales* and *selling, general and administrative expense (SG&A)*
  
- ¶ Automotive cost of sales
  - Material cost typically makes up ~2/3 of the total amount
  - Labor costs, depreciation and amortization, engineering, and policy, product warranty and recall campaigns make up the remaining
  
- ¶ Automotive SG&A
  - Advertising and administrative expenses make up the majority (~3/4 in 2014)
  - Selling expenses, incentive plans, and other make up the remaining

# Appendix

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## Key Automotive Balance Sheet Items

<u>(\$B)</u>	Mar. 31, 2014	Dec. 31, 2014	Mar. 31, 2015
Cash & Current Marketable Securities	27.0	25.2	22.1
Available Credit Facilities <sup>(1)</sup>	10.4	12.0	12.1
<b>Available Liquidity</b>	<b>37.4</b>	<b>37.2</b>	<b>34.2</b>
<b><u>Key Obligations:</u></b>			
Debt	7.2	9.4	9.1
Series A Preferred Stock	3.1	—	—
U.S. Pension Underfunded Status <sup>(2)</sup>	7.2	10.9	10.7
Non-U.S. Pension Underfunded Status <sup>(2)(3)</sup>	12.2	13.1	11.7
Unfunded OPEB <sup>(3)</sup>	6.2	6.6	6.5

(1) Excludes uncommitted facilities

(2) March 31, 2014 and 2015 balances are rolled forward and do not reflect remeasurement

(3) Non-U.S. represents GM Automotive Only. Excludes \$0.1B GMF Pension liability

Note: Key Automotive Balance Sheet Items Example above from Q1 2015 Analyst Earnings Deck

## Automotive Debt

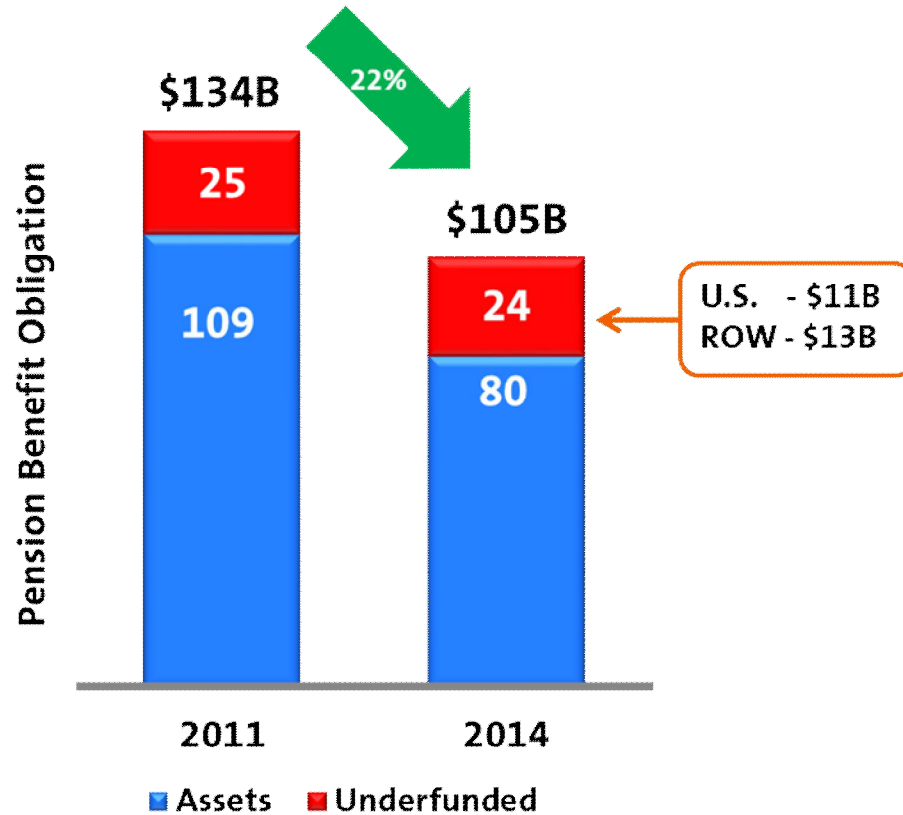
GM Debt (Mar. 31, 2015)	
(\$ billions)	
Senior Unsecured Notes	7.0
Subsidiary Debt	1.2
Capital Leases	1.0
Total Debt	9.1
Global Credit Facilities Size	12.6
Global Credit Facilities Availability	12.1

Senior Unsecured Notes		
Amount	Coupon	Maturity
\$1,500M	3.500%	2018
\$1,500M	4.875%	2023
\$500M	4.000%	2025
\$750M	5.000%	2035
\$1,500M	6.250%	2043
\$1,250M	5.200%	2045

- GM has six issuances of publicly traded senior unsecured notes with maturities ranging from 2018 to 2045
- Subsidiary debt balances primarily represent working capital facilities and government funding at local business units
- Capital leases primarily related to IT and real estate
- Primary unsecured revolving credit facilities comprised a 3-year \$5B facility (expiring Oct. 2017) and a 5-year \$7.5B facility (expiring Oct. 2019) with \$2B sub-limits for GM Financial under each tranche
  - No borrowings against primary credit facilities, but utilized for letters of credit which reduce availability

# Global and U.S. Pension Status

## Pension Obligation Downsized & Derisked



- ▮ No expected material mandatory U.S. contributions required for ~5 years
- ▮ Discount rates likely supportive over mid-term given interest rates are at historic low levels
- ▮ Majority of ROW underfunded balance is comprised of plans that are "pay-as-you-go"

*No significant cash call in the medium term*

## Other Post-Employment Benefits (OPEB)

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

## Equity – Warrants

- ¶ In July 2009 we issued two tranches of warrants, each to acquire 136 million shares of common stock to Motors Liquidation Company, and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA
- ¶ MLC warrants are included in fully diluted share count
- ¶ Upon exercise, the shares issued will be included in the number of basic shares outstanding
- ¶ Total outstanding balance of warrants was 165 million at Dec 31, 2014

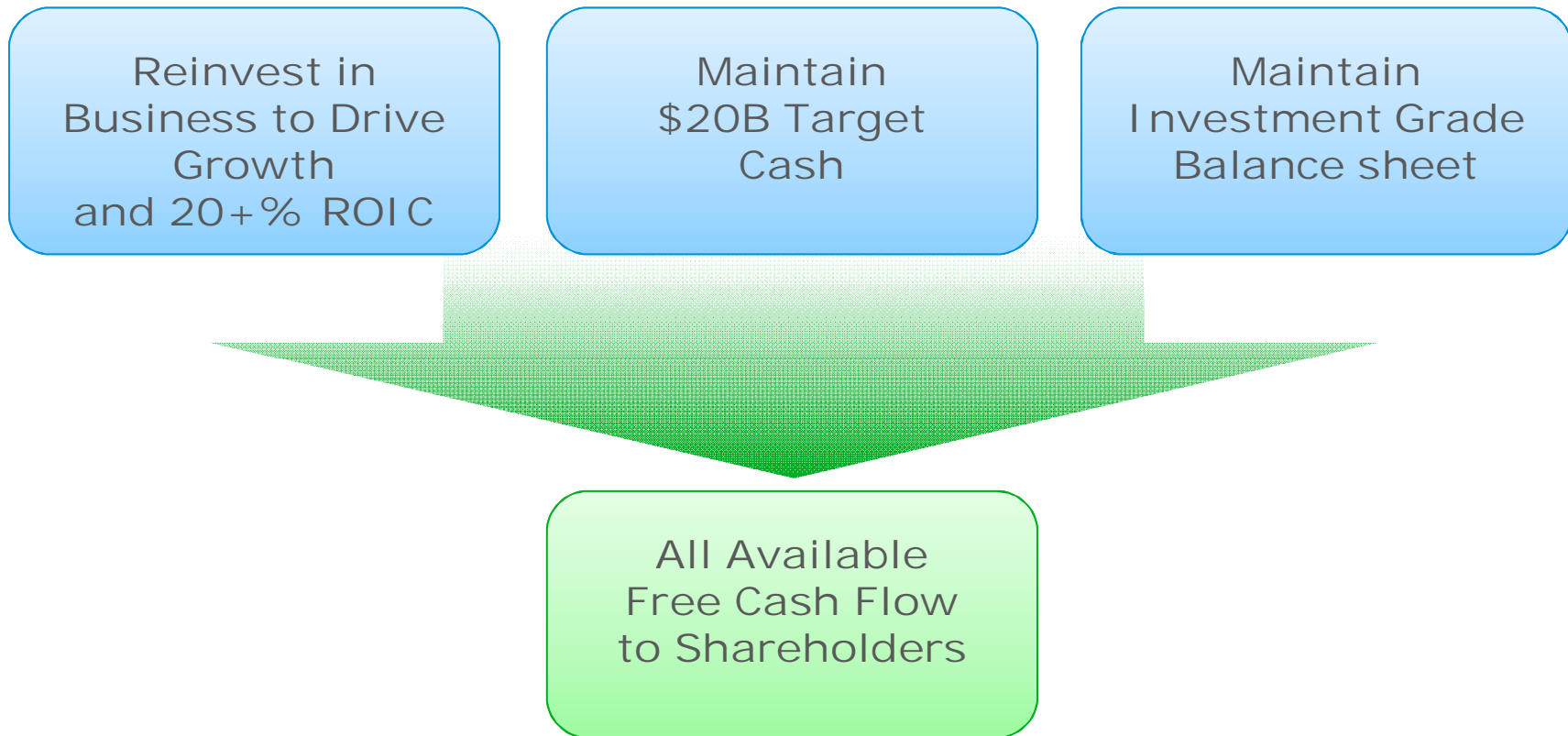
Tranche	Initial Warrant Amounts	Outstanding as of 12/31/14	Exercise price	Conversion Date
New VEBA	46 Million	46 Million	\$42.31	Dec. 31, 2015
MLC 1 <sup>st</sup> Tranche	136 Million	43 Million	\$10.00	July 10, 2016
MLC 2 <sup>nd</sup> Tranche	136 Million	76 Million	\$18.33	July 10, 2019



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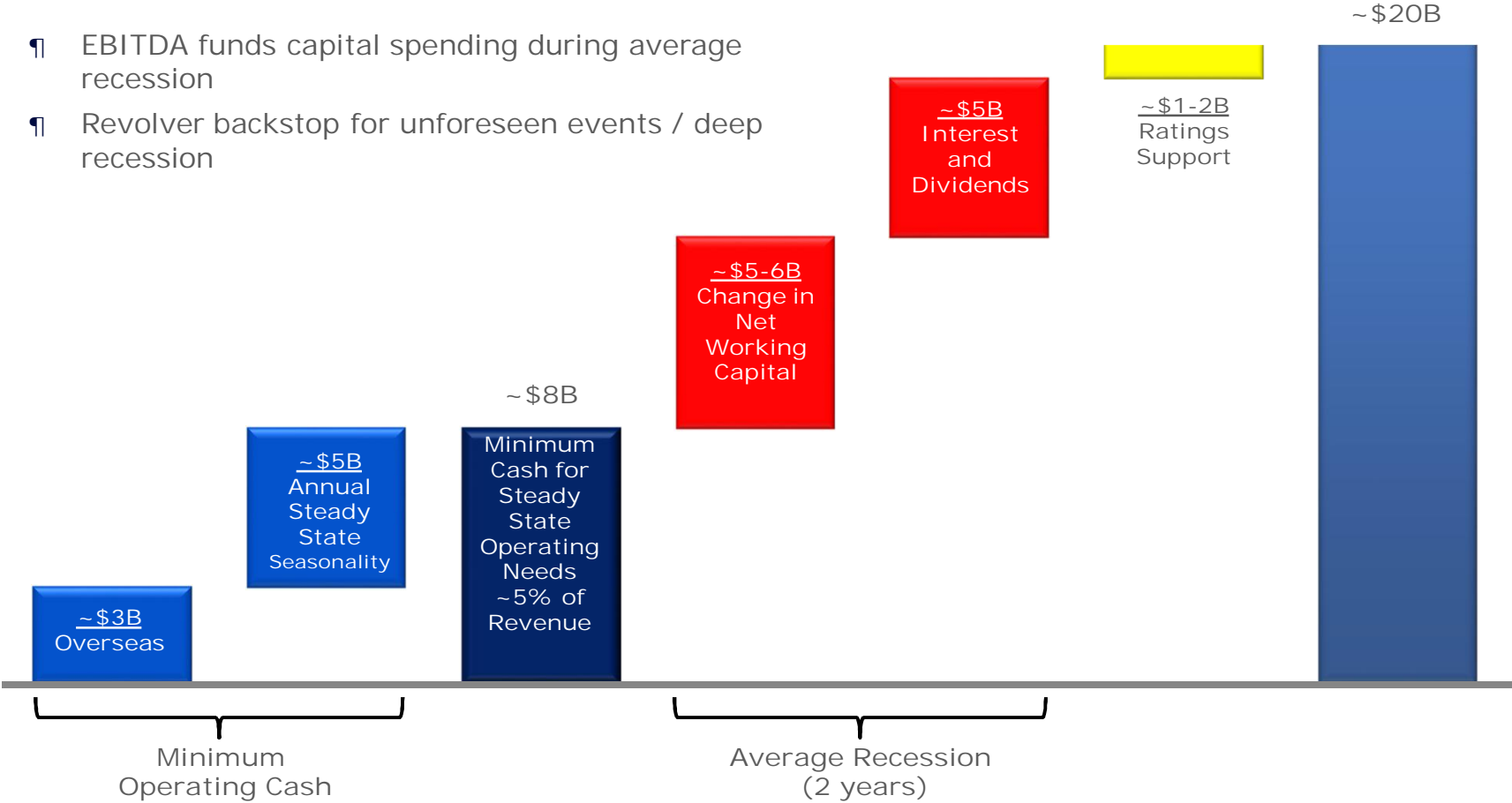
# Disciplined Capital Allocation Framework



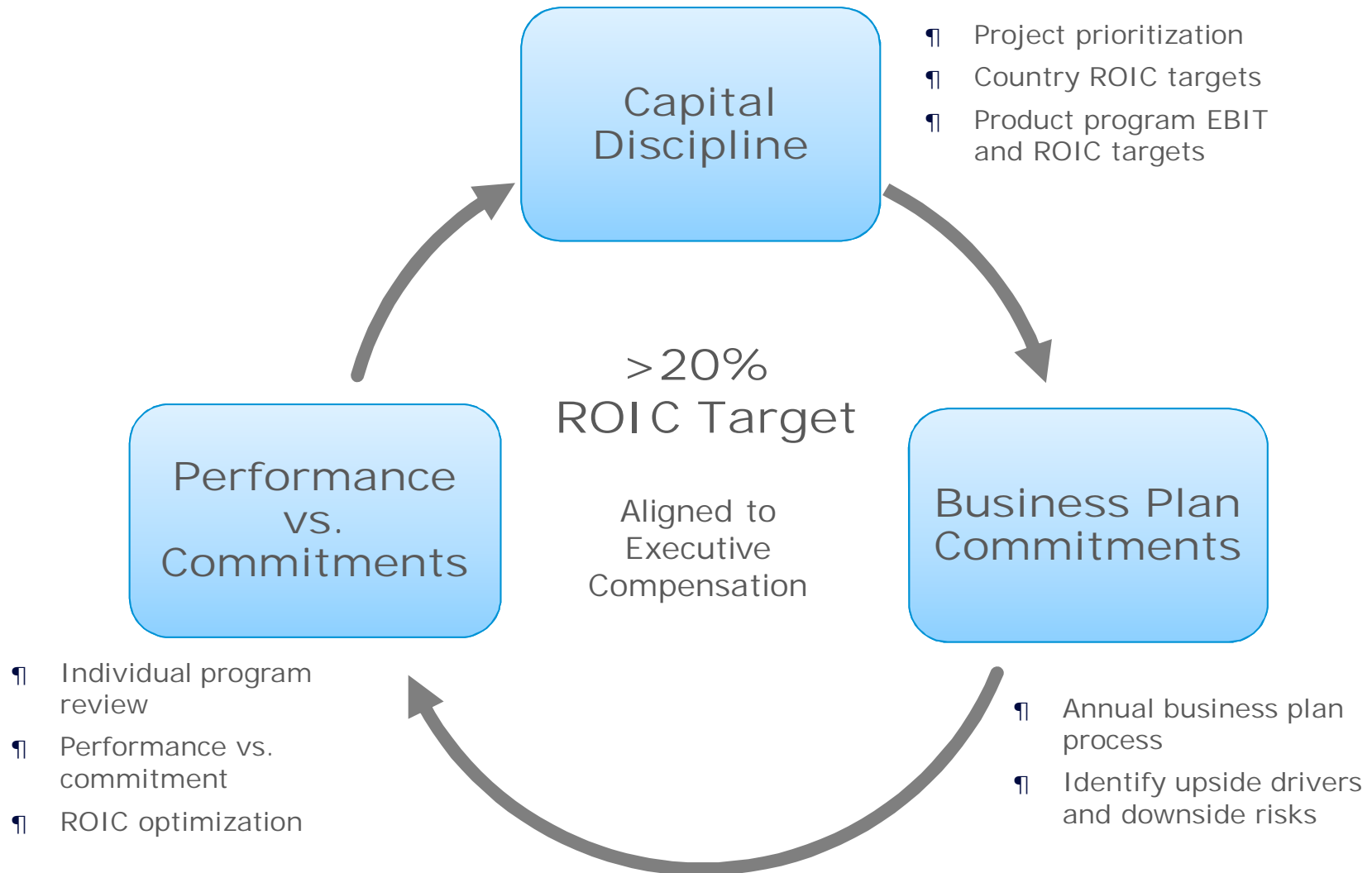
*Transparent and disciplined capital allocation framework driving shareholder value*

# Established Cash Target of \$20B

- EBITDA funds capital spending during average recession
- Revolver backstop for unforeseen events / deep recession



# Capital Allocation Process



## ROI C – Example

<u>(\$B)</u>	Four Quarters Ended	
	<u>Q1 2014</u>	<u>Q1 2015</u>
<b><u>Numerator:</u></b>		
EBIT-Adjusted	7.3	8.1
<b><u>Denominator:</u></b>		
Average Equity	40.6	39.7
Add: Average automotive debt and interest liabilities (excluding capital leases)	5.6	7.3
Add: Average automotive net pension & OPEB liability	30.3	27.4
Less: Average fresh start accounting goodwill	(0.4)	(0.1)
Less: Average net automotive income tax asset	(33.1)	(32.6)
<b>ROI C average net assets</b>	<b>43.0</b>	<b>41.7</b>
<b>ROI C</b>	<b>16.9%</b>	<b>19.5%</b>

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# GM Financial – Reporting

## ¶ GM Financial (GMF) is consolidated with GM

- GMF's results are adjusted in GM's financial statements to:
  1. Include the effect of GM's tax attributes on GMF's deferred taxes and income tax provisions, and
  2. Eliminate the effect of intercompany transactions between GMF and the other members of the consolidated GM group
- GMF also files stand-alone quarterly (10-Q) and annual (10-K) documents with the SEC, however, due to adjustments, the results presented by GMF on a stand-alone basis will differ from those reported by GM

### GM Consolidated

	Years Ended December 31,		
	2014	2013	2012
<b>Net sales and revenue</b>			
Automotive	\$ 151,092	\$ 152,092	\$ 150,295
GM Financial	4,837	3,335	1,961
<b>Total</b>	<b>155,929</b>	<b>155,427</b>	<b>152,256</b>

### GM Financial stand-alone

	Years Ended December 31,		
	2014	2013	2012
<b>Revenue</b>			
Finance charge income	\$ 3,475	\$ 2,563	\$ 1,594
Leased vehicle income	1,090	595	289
Other income	289	186	77
<b>Total revenue</b>	<b>4,854</b>	<b>3,344</b>	<b>1,960</b>

Difference driven by items noted above

# GM Financial – Financial Highlights

- ¶ GM provides additional information on the key financial statements within the Financial Highlights document published quarterly and annually on Form 8-K in conjunction with the 10-Q and 10-K, respectively
  - GM and GM Financial are shown separately for the Consolidating Income Statements, Consolidating Balance Sheets, and Consolidating Statements of Cash Flows

**General Motors Company and Subsidiaries  
Consolidating Income Statements**  
*(In millions)*  
*(Unaudited)*

	Three Months Ended March 31, 2015			
	Automotive	GM Financial	Eliminations	Consolidated
<b>Net sales and revenue</b>				
Automotive	\$ 34,364	\$ —	\$ —	\$ 34,364
GM Financial	—	1,354	(6)	1,348
Total net sales and revenue	34,364	1,354	(6)	35,712

**General Motors Company and Subsidiaries  
Consolidating Balance Sheets**  
*(In millions)*  
*(Unaudited)*

	March 31, 2015			
	Automotive	GM Financial	Eliminations	Consolidated
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 13,655	\$ 2,121	\$ —	\$ 15,776
Marketable securities	8,409	—	—	8,409

**General Motors Company and Subsidiaries  
Consolidating Statements of Cash Flows**  
*(In millions)*  
*(Unaudited)*

	Three Months Ended March 31, 2015			
	Automotive	GM Financial	Reclassification(a)	Consolidated
<b>Net cash provided by operating activities</b>	\$ 3	\$ 540	\$ (168)	\$ 375
<b>Cash flows from investing activities</b>				
Expenditures for property	(1,667)	(17)	—	(1,684)
Available-for-sale marketable securities, acquisitions	(1,634)	—	—	(1,634)
Trading marketable securities, acquisitions	(522)	—	—	(522)

GENERAL MOTORS Note: Tables above located on pages 7, 9 and 10 of the Q1 2015 Financial Highlights filed on form 8-K



# Where To Find...

- Announcements and Events
  - <http://www.gm.com/company/investors/announcements-events.html>
- Annual report
  - <http://www.gm.com/annualreport>
- Earnings Releases
  - <http://www.gm.com/company/investors/earning-releases.html>
- Investor News
  - <http://www.gm.com/company/investors/latest-news.html>
- Presentations and Webcasts
  - <http://www.gm.com/company/investors/announcements-events.html> (click on event name, any relevant presentation or webcast will be under the "Related Resources" section for the event)
- Printed Material Request (SEC Documents or Annual Report)
  - <http://www.gm.com/company/investors/contacts.html> (follow instructions under "Request Materials")
- Sales releases
  - <http://www.gm.com/company/investors/sales-production.html>
  - [http://media.gm.com/media/us/en/gm/news.filter.html/GM/EN/News/US\\_Monthly\\_Sales.html](http://media.gm.com/media/us/en/gm/news.filter.html/GM/EN/News/US_Monthly_Sales.html) (with excel table for download)
- SEC Filings
  - <http://www.gm.com/company/investors/sec-filings.html>

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[InvestorRelations@gm.com](mailto:InvestorRelations@gm.com)  
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For information and inquiries specific to GM Financial

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