



**general motors**

2021 ANNUAL REPORT

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-K

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

For the fiscal year ended December 31, 2021

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)

Delaware

(State or other jurisdiction of  
incorporation or organization)

27-0756180

(I.R.S. Employer  
Identification No.)

300 Renaissance Center, Detroit, Michigan

(Address of principal executive offices)

48265 -3000

(Zip Code)

(313) 667-1500

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	GM	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the voting stock held by non-affiliates of the registrant (assuming only for purposes of this computation that directors and executive officers may be affiliates) was approximately \$85.8 billion as of June 30, 2021.

As of January 18, 2022 there were 1,453,021,337 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

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

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PART I

**Item 1. Business**

General Motors Company (sometimes referred to as we, our, us, ourselves, the Company, General Motors, or GM) was incorporated as a Delaware corporation in 2009. We design, build and sell trucks, crossovers, cars and automobile parts and provide software-enabled services and subscriptions worldwide. Our automotive operations meet the demands of our customers through our automotive segments: GM North America (GMNA) and GM International (GMI) with vehicles developed, manufactured and/or marketed under the Buick, Cadillac, Chevrolet and GMC brands. We also have equity ownership stakes in entities that meet the demands of customers in other countries, primarily in China, with vehicles developed, manufactured and/or marketed under the Baojun, Buick, Cadillac, Chevrolet and Wuling brands. Cruise is our global segment responsible for the development and commercialization of autonomous vehicle technology. We provide automotive financing services through our General Motors Financial Company, Inc. (GM Financial) segment. Refer to Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Note 23 to our consolidated financial statements for financial information about our segments. Except for per share amounts or as otherwise specified, amounts presented within tables are stated in millions. Forward-looking statements in this Business section 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 Item 1A. Risk Factors and the "Forward-Looking Statements" section of Part II, Item 7. MD&A for a discussion of these risks and uncertainties.

Our vision for the future is a world with zero crashes, zero emissions and zero congestion, which guides our growth-focused strategy to invest in electric vehicles (EVs) and autonomous vehicles (AVs), software-enabled services and subscriptions and new business opportunities, while strengthening our market position in profitable internal combustion engine (ICE) vehicles, such as trucks and sport utility vehicles (SUVs). We have committed to an all-electric future with a core focus on zero emission battery EVs as part of our long-term strategy to reduce petroleum consumption and greenhouse gas (GHG) emissions. As a result, we have committed to making total EV and AV investments of more than \$35.0 billion from 2020 through 2025.

We have an opportunity to grow our vehicle and financing revenue by continuing to capitalize on the strength of our franchises and scaling our EV production and customer base over the next decade. We also have the potential of growing our revenue through our software-enabled services and subscriptions, including OnStar, our advanced driver-assistance system (ADAS), Super Cruise, and future offerings, such as our next-generation ADAS, Ultra Cruise, and Ultifi. Additionally, we are incubating several new businesses with a start-up mindset that we believe will enable us to attract new customers and generate revenues in new areas.

*Electric Vehicles* We plan to launch more than 30 EVs globally by 2025. A key element in our EV strategy is Ultium, our all-new dedicated battery electric platform. Our first Ultium-based products launched with the GMC HUMMER EV and BrightDrop EV600 in 2021, to be followed by the Cadillac LYRIQ in 2022. This all-new platform is flexible and will be leveraged across multiple brands and vehicle sizes, styles and drive configurations, allowing for quick response to customer preferences and a shorter design and development lead time compared to our ICE vehicles.

In September 2021, we announced three new drive assist motors as part of Ultium Drive, calibrated in-house to ensure the highest level of performance in Ultium-based EVs. We designed the motors as a scalable family, sharing design principles as well as similar tooling and manufacturing strategies.

In November 2021, we began production at GM's Factory ZERO Detroit-Hamtramck Assembly Center (Factory ZERO), which was re-tooled into a fully dedicated EV facility to produce the GMC HUMMER EV and the upcoming Cruise Origin and Chevrolet Silverado EV, which we revealed in January 2022 at the Consumer Electronics Show in Las Vegas, Nevada. In January 2022, we announced that we will convert our assembly plant in Orion Township, Michigan for production of the Chevrolet Silverado EV and the electric GMC Sierra. Additionally, we have announced plans to mass-produce battery cells for these and other future EVs through Ultium Cells LLC (an equally owned joint venture with LG Energy Solution) in Lordstown, Ohio, Spring Hill, Tennessee and Lansing, Michigan. A fourth U.S.-based battery cell plant is also planned by mid-decade.

To support mass market adoption of EVs, we are working to ensure that our customers will have access to comprehensive charging solutions. For personal vehicles, this means strategically addressing charging needs at home, the workplace and in public locations. For fleet vehicles, this means turnkey charging solutions and fleet and facility energy management services. We have announced collaborative work with several charge network operators to filter real-time data on their respective networks and charge station health into Ultium Charge 360, a holistic charging approach that integrates charging networks, GM vehicle mobile apps and other products and services to simplify the overall charging experience for GM EV owners.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Ultium Charge 360 is also available to our fleet and BrightDrop customers and offers fleet and facility management tools, integration with GM's fleet management offerings and support across a wide range of fleet sizes. In October 2021, we announced a new Dealer Community Charging Program to install up to 40,000 Level 2 EV chargers across the U.S. and Canada. Working with our dealers, we intend to expand access to charging in local communities, including in underserved, rural and urban areas where EV charging access is often limited. This initiative, which is expected to begin in 2022, is part of our commitment to invest nearly \$750 million to expand home, workplace and public charging infrastructure through the Ultium Charge 360 ecosystem through 2025.

*OnStar and Vehicle Connectivity* We offer OnStar and connected services to more than 22 million connected vehicles globally through subscription-based and complimentary services. We are among the leaders in the industry, with significant global real-world experience in delivering connected services and advanced safety features. OnStar provides safety and security services for retail and fleet customers, including automatic crash response, emergency services, roadside assistance, crisis assist, stolen vehicle assistance and turn-by-turn navigation. Additionally, we offer OnStar Guardian, a mobile app that allows customers to access key OnStar safety and security services from anywhere and in any vehicle. Fleet customers leverage OnStar Vehicle Insights, our telematics solution across their entire fleet, regardless of vehicle make or model. We also offer a variety of connected services, including mobile apps for owners to remotely control certain vehicle features and EV owners to locate charging stations, on-demand vehicle diagnostics, GM Smart Driver, GM Marketplace in-vehicle commerce, Amazon Alexa in-vehicle voice, Google's Voice Assistant, navigation and app ecosystem, connected navigation and SiriusXM with 360L and 4G LTE wireless connectivity. In August 2021, we announced plans to roll out 5G connectivity in select model year 2024 vehicles.

*Super Cruise and Ultra Cruise* We offer Super Cruise, the industry's first hands-free driver assistance feature for enabled roads in the U.S. and Canada, which is powered by vehicle connectivity by means of a Super Cruise subscription. Super Cruise capabilities will be available on eight model year 2022 vehicles in the beginning of 2022 and will expand to be included on more than 20 models by 2023. In October 2021, we announced Ultra Cruise, a significant next step in hands-free advanced driving-assistance technology that we anticipate will be available on select models in 2023. It will create a virtually door-to-door hands-free driving experience as it will be designed to handle 95 percent of all driving scenarios on every paved road in the U.S. and Canada over time.

*Ultifi* Our end-to-end software platform Ultifi will provide our customers with software-defined features, apps and services over-the-air starting in 2023. Ultifi and the apps it enables will empower customers to update their ownership experiences continuously with desirable features such as vehicle performance, ADAS, safety and security features, climate and comfort options, personal themes and EV ownership experience elements, including battery and charging details.

*Cruise* Cruise is driving leadership in the development and commercialization of AV technology. We believe that building all-electric vehicles with autonomous capabilities integrated from the beginning, rather than through retrofits, is the most efficient way to unlock the tremendous potential societal benefits of self-driving cars. The Cruise Origin, a purpose-built, all-electric, self-driving vehicle that is being co-developed by GM, Cruise and Honda Motor Company, Ltd. (Honda), will be built on General Motors' all-new modular architecture, powered by the Ultium platform, at Factory ZERO starting in early 2023, pending government approvals. In October 2020, Cruise received a driverless test permit from the California Department of Motor Vehicles to remove test drivers from Cruise autonomous test vehicles in San Francisco and subsequently began fully driverless testing. In October 2020, GM and Cruise also announced they will file an exemption petition with the National Highway Traffic Safety Administration (NHTSA) seeking regulatory approval for the Origin's deployment, and withdrew an earlier exemption petition that was limited to the Cruise AV derived from the Chevrolet Bolt platform.

In June 2021, Cruise received a driverless test permit from the California Public Utilities Commission (CPUC) to provide unpaid rides to the public in driverless vehicles. In September 2021, Cruise received approval of its Autonomous Vehicle Deployment Permit from the California Department of Motor Vehicles to commercially deploy driverless AVs. Cruise will need one additional permit from the CPUC to charge the public for driverless rides in California. Given the potential of all-electric self-driving vehicles to help save lives, reshape our cities and reduce emissions, the goal of Cruise is to deliver its self-driving services as soon as possible, but as Cruise continues to expand and scale its operations safety will continue to be the gating metric — supported by Cruise's Safety Management System and its other risk identification, assessment and mitigation processes.

*BrightDrop* BrightDrop is building an ecosystem of all-electric and connected first-to-last mile products and services, including light commercial vehicles, smart containers and a software platform for fleet and asset management designed to help delivery and logistics companies deliver goods more efficiently. We are converting our CAMI manufacturing plant in Ingersoll, Ontario to produce the all new BrightDrop EV600 and BrightDrop EV410 electric light commercial vehicles. In December 2021, we started deliveries of the BrightDrop EV600 to FedEx Express, our launch customer. Additionally, we announced that Verizon will be the first customer for the BrightDrop EV410.

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**HYDROTEC** We are developing hydrogen fuel cell applications across transportations and industries, including mobile power generation, class 7/8 truck, locomotive, aerospace and marine applications. The development of HYDROTEC is another element of our long-term strategy and commitment toward the reduction of petroleum consumption and GHG emissions. We believe hydrogen fuel cells will play an important role in many automotive and other mobility applications where customers will derive additional benefits from the ability to refuel quickly, an extended range, suitability for heavier payloads and central refueling of large fleets. GM and Honda, through our long-term strategic alliance to collaborate in research and advanced engineering efforts, are developing and commercializing fuel cell systems. In 2021, GM announced it will supply HYDROTEC to Navistar, Inc., which is developing hydrogen-powered heavy trucks to launch in 2024, and to Liebherr-Aerospace, which is developing hydrogen-powered auxiliary power units for aircraft. In June 2021, we announced a collaboration with Wabtec Corporation to develop and commercialize the Ultium platform and HYDROTEC fuel systems for their locomotives.

**OnStar Insurance Services** OnStar Insurance is currently available in 46 states and Washington, D.C. and is expected to be available in all 50 states by the second quarter of 2022. In the future, we plan to integrate insurance products into the vehicle experience and offer premiums based on personal driving behaviors by leveraging, with customer consent, data coming from GM vehicles.

**GM Defense** Providing commercially developed solutions, including purpose-built vehicles, for government and military customers. GM Defense's growth strategy is focused on building a portfolio of products, including the Infantry Squad Vehicle and the purpose-built Heavy Duty Suburban, by leveraging our manufacturing and innovation capabilities.

**Competitive Position and Vehicle Sales** The principal factors that determine consumer vehicle preferences in the markets in which we operate include overall vehicle design, price, quality, available options, safety, reliability, fuel economy and functionality. Market leadership in individual countries in which we compete varies widely.

We present both wholesale and total vehicle sales data to assist in the analysis of our revenue and our market share. Wholesale vehicle sales data consists of sales to GM's dealers and distributors as well as sales to the U.S. Government and excludes vehicles sold by our joint ventures. Wholesale vehicle sales data correlates to our revenue recognized from the sale of vehicles, which is the largest component of Automotive net sales and revenue. In the year ended December 31, 2021, 30% of our wholesale vehicle sales volume was generated outside the U.S. The following table summarizes wholesale vehicle sales by automotive segment (vehicles in thousands):

	Years Ended December 31,					
	2021		2020		2019	
GMNA	2,308	80.7 %	2,707	80.3 %	3,214	76.4 %
GMI	551	19.3 %	663	19.7 %	995	23.6 %
Total	2,859	100.0 %	3,370	100.0 %	4,209	100.0 %

Total vehicle sales data represents: (1) retail sales (i.e., sales to consumers who purchase new vehicles from dealers or distributors); (2) fleet sales, such as sales to large and small businesses, governments, and daily rental car companies; and (3) vehicles used by dealers in their businesses, including courtesy transportation vehicles. Total vehicle sales data includes all sales by joint ventures on a total vehicle basis, not based on our percentage ownership interest 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, which are included in the total vehicle sales we report for China. While total vehicle sales data does not correlate directly to the revenue we recognize during a particular period, we believe it is indicative of the underlying demand for our vehicles. Total vehicle sales data represents management's good faith estimate based on sales reported by GM's dealers, distributors, and joint ventures, commercially available data sources such as registration and insurance data, and internal estimates and forecasts when other data is not available.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes industry and GM total vehicle sales and our related competitive position by geographic region (vehicles in thousands):

	Years Ended December 31,								
	2021			2020			2019		
	Industry	GM	Market Share	Industry	GM	Market Share	Industry	GM	Market Share
<b>North America</b>									
United States	15,383	2,218	14.4 %	14,892	2,547	17.1 %	17,499	2,887	16.5 %
Other	3,083	356	11.5 %	2,804	377	13.4 %	3,645	480	13.2 %
Total North America	18,466	2,574	13.9 %	17,696	2,924	16.5 %	21,144	3,367	15.9 %
<b>Asia/Pacific, Middle East and Africa</b>									
China(a)	25,878	2,892	11.2 %	24,926	2,901	11.6 %	25,398	3,094	12.2 %
Other	19,389	431	2.2 %	18,094	530	2.9 %	21,457	584	2.7 %
Total Asia/Pacific, Middle East and Africa	45,267	3,323	7.3 %	43,020	3,431	8.0 %	46,855	3,678	7.9 %
<b>South America</b>									
Brazil	2,119	242	11.4 %	2,055	338	16.4 %	2,787	476	17.1 %
Other	1,488	151	10.2 %	1,105	132	12.0 %	1,531	193	12.6 %
Total South America	3,607	393	10.9 %	3,160	470	14.9 %	4,318	669	15.5 %
<b>Total in GM markets</b>	67,340	6,290	9.3 %	63,876	6,825	10.7 %	72,317	7,714	10.7 %
Total Europe	15,080	1	— %	14,946	1	— %	19,021	4	— %
<b>Total Worldwide(b)</b>	82,420	6,291	7.6 %	78,822	6,826	8.7 %	91,338	7,718	8.4 %
<b>United States</b>									
Cars	3,262	138	4.2 %	3,341	239	7.1 %	4,632	389	8.4 %
Trucks	4,125	1,223	29.6 %	4,050	1,257	31.0 %	4,494	1,332	29.7 %
Crossovers	7,996	857	10.7 %	7,501	1,051	14.0 %	8,373	1,166	13.9 %
Total United States	15,383	2,218	14.4 %	14,892	2,547	17.1 %	17,499	2,887	16.5 %
<b>China(a)</b>									
SGMS		1,277			1,407			1,482	
SGMW		1,615			1,494			1,612	
Total China	25,878	2,892	11.2 %	24,926	2,901	11.6 %	25,398	3,094	12.2 %

(a) Includes sales by our Automotive China Joint Ventures (Automotive China JVs): SAIC General Motors Sales Co., Ltd. (SGMS) and SAIC GM Wuling Automobile Co., Ltd. (SGMW).

(b) Cuba, Iran, North Korea, Sudan and Syria are subject to broad economic sanctions. Accordingly, these countries are excluded from industry sales data and corresponding calculation of market share.



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As discussed above, total vehicle sales and market share data provided in the table above includes fleet vehicles. We sell vehicles directly or through our dealer network to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Certain fleet transactions, particularly sales to daily rental car companies, are generally less profitable than retail sales to end customers. The following table summarizes estimated fleet sales and those sales as a percentage of total vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2021	2020	2019
GMNA	399	493	741
GMI	311	351	498
Total fleet sales	710	844	1,239
Fleet sales as a percentage of total vehicle sales	11.3 %	12.4 %	16.1 %

**Product Pricing** Several methods are used to promote our products, including the use of dealer, retail and fleet incentives, such as customer rebates and finance rate support. The level of incentives is dependent upon the level of competition in the markets in which we operate and the level of demand for our products.

**Cyclical and Seasonal Nature of Business** The market for vehicles is cyclical and depends in part on general economic conditions, credit availability and consumer spending. Vehicle markets are also seasonal. Production varies from month to month. Vehicle model changeovers occur throughout the year as a result of new market entries.

**Relationship with Dealers** We market vehicles and automotive parts worldwide primarily through a network of independent authorized retail dealers. These outlets include distributors, dealers and authorized sales, service and parts outlets. Our customers can obtain a wide range of after-sale vehicle services and products through our dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties. The number of authorized dealerships and other agents performing similar functions were 4,670 in GMNA and 7,670 in GMI at December 31, 2021.

We and our joint ventures enter into a contract with each authorized dealer agreeing to sell to the dealer one or more specified product lines at wholesale prices and granting the dealer the right to sell those products to customers from an approved location. Our dealers often offer more than one GM brand at a single dealership in a number of our markets. Authorized dealers offer parts, accessories, service and repairs for GM vehicles in the product lines that they sell using GM parts and accessories. Our dealers are authorized to service GM vehicles under our limited warranty, and those repairs are made almost exclusively with GM parts. Our dealers generally provide their customers with access to credit or lease financing, vehicle insurance and extended service contracts, which may be provided by GM Financial and other financial institutions.

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

**Research, Product Development and Intellectual Property** Costs for research, manufacturing engineering, product engineering and design and development activities primarily relate to developing new products or services or improving existing products or services, including activities related to vehicle and GHG emissions control, improved fuel economy, EVs, AVs and the safety of drivers and passengers. Research and development expenses were \$7.9 billion, \$6.2 billion and \$6.8 billion in the years ended December 31, 2021, 2020 and 2019.

**Product Development** The Global Product Development organization is responsible for designing, developing and integrating all global products and their components while aiming to maximize part sharing across multiple vehicle segments. Global teams in Design, Program Management & Execution, Component & Subsystem Engineering, Product Integrity, Safety, Controls and Software Engineering and Purchasing & Supply Chain collaborate to meet customer requirements and maximize global economies of scale.

Our global vehicle architecture development is headquartered at our Global Technical Center in Warren, Michigan. Cross-segment part sharing is an essential enabler to optimize our vehicle portfolio, with more than 75% of our global internal combustion vehicle sales volume expected to come from five internal combustion vehicle architectures through this decade. We

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will continue to leverage our architecture portfolio to accommodate our customers around the world while achieving our financial goals.

We invested in construction of the Wallace Battery Cell Innovation Center, an all-new facility that will significantly expand the Company's battery technology operations and accelerate development and commercialization of longer range, more affordable EV batteries. The Wallace Center will be located on the campus of the Global Technical Center in Warren, Michigan.

***Intellectual Property*** We are constantly innovating and hold a significant number of patents, copyrights, trade secrets and other intellectual property that protect those innovations in numerous countries. While no single piece of intellectual property is individually material to our business as a whole, our intellectual property is important to our operations and continued technological development. Additionally, we hold a number of trademarks and service marks that are very important to our identity and recognition in the marketplace.

***Raw Materials, Services and Supplies*** We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers to manufacture our products. The raw materials primarily include steel, aluminum, resins, copper, lead and precious metals. We do not normally carry substantial inventories of these raw materials in excess of levels reasonably required to meet our production requirements, and we have not experienced any significant shortages of raw materials. Costs are expected to remain elevated due to the price of commodities and the continuing existence of tariffs. We also purchase systems, components and parts from suppliers. The global semiconductor supply shortage has had, and is continuing to have, wide-ranging effects across multiple industries, particularly the automotive industry. Refer to Item 1A. Risk Factors and to Part II, Item 7. MD&A for further discussion on the effect the global semiconductor supply shortage has had on our results of operations.

In some instances, we purchase systems, components, parts and supplies from a single source, which may increase risk to supply disruptions. The inability or unwillingness of these sources to provide us with parts and supplies could have a material adverse effect on our production. Combined purchases from our two largest suppliers were approximately 12% of total purchases in the year ended December 31, 2021, and approximately 11% of our total purchases in each of the years ended December 31, 2020 and 2019. Refer to Item 1A. Risk Factors for further discussion of these risks.

Our transition to EVs includes a resilient, scalable and more sustainable North America-focused EV supply chain. Certain of the initiatives we have advanced in 2021 include sourcing silicon carbide power device solutions for GM's EV programs, processing cathode active material, sourcing U.S. lithium with more sustainable extraction methods and sourcing permanent magnets using locally sourced raw materials.

**Automotive Financing - GM Financial** GM Financial is our global captive automotive finance company and our global provider of automobile finance solutions. GM Financial conducts its business in North America, South America and through joint ventures in China.

GM Financial provides retail loan and lease lending across the credit spectrum to support vehicle sales. Additionally, GM Financial offers commercial lending products to dealers including floorplan financing, which is lending to finance new and used vehicle inventory; and dealer loans, which are loans to finance improvements to dealership facilities, to provide working capital, or to purchase and/or finance dealership real estate. Other commercial lending products include financing for parts and accessories, dealer fleets and storage centers.

In North America, GM Financial offers a sub-prime lending program. The program is primarily offered to consumers with a FICO score or its equivalent of less than 620 who have limited access to automobile financing through banks and credit unions and is expected to sustain a higher level of credit losses than prime lending.

GM Financial generally seeks to fund its operations in each country through local sources of funding to minimize currency and country risk. GM Financial primarily finances its loan, lease and commercial origination volume through the use of secured and unsecured credit facilities, securitization transactions and the issuance of unsecured debt in the capital markets.

## Human Capital

The foundation of GM's business is our Purpose: We pioneer the innovations that move and connect people to what matters. It's why we exist. Our Purpose, growth strategy and culture all help us on our path towards achieving our vision of — a world with zero crashes, zero emissions and zero congestion. Our people are our most valuable asset, and we must continue to attract and retain the best talent in the world in order to achieve this vision. As a result, we strive to create a Workplace of Choice to attract, retain and develop top talent by adhering to a responsible employer philosophy, which includes, among other things, commitments to create job opportunities, pay workers fairly, ensure safety and well-being, and promote diversity, equity and inclusion. Fundamental to these commitments are our company values.

## OUR VALUES

### CUSTOMERS

We put the customer at the center of everything we do. We listen intently to our customers' needs. Each interaction matters. Safety and quality are foundational commitments, never compromised.

### EXCELLENCE

We act with integrity. We are driven by ingenuity and innovation. We have the courage to do and say what's difficult. Each of us takes accountability for results, drives for continued efficiencies and has the tenacity to win.

### RELATIONSHIPS

Our success depends on our relationships inside and outside the company. We encourage diverse thinking and collaboration from the world to create great customer experiences.

### SEEK TRUTH

We pursue facts, respectfully challenge assumptions and clearly define objectives. When we disagree, we provide additional context and consider multiple perspectives.

Our eight GM behaviors are the foundation of our culture; and how we behave encompasses key measures of our performance, including the visible ways we conduct ourselves as we work with one another.

## EMPLOYEE BEHAVIORS



### Be Inclusive

I create moments every day that value backgrounds, opinions and ideas that may be different than my own.



### Think Customer

I consider the customers' needs in everything I do.



### Innovate Now

I see things not as they are but as they could be.



### Look Ahead

I make decisions now with the long-term view in mind and I anticipate what lies ahead.



### One Team

I collaborate cross-functionally to achieve enterprise-wide results.



### Be Bold

I respectfully speak up, exchange feedback and boldly share ideas without fear.



### It's On Me

I take accountability for safety and my own actions, behaviors and results.



### Win With Integrity

I have a relentless desire to win and do it with integrity.

**Diversity, Equity and Inclusion** At GM, we are committed to fostering a culture of diversity, equity and inclusion. In every moment, we must decide what we can do — individually and collectively — to drive meaningful, deliberate and long-lasting change. GM's unwavering commitment in this regard includes taking steps to ensure that all areas of our business are supportive

of a world-class inclusive, equitable and diverse organization. Our ability to meet the needs of a diverse and global customer base is tied closely to the behaviors of the people within our company, which is why we are committed to fostering a culture that celebrates our differences. This commitment is embraced at all levels of the organization, including our diverse Board of Directors, which is currently made up of more than 50% women (7 out of 13 members) and is more than 30% racially or ethnically diverse (4 out of 13 members). In alignment with these commitments, GM publicly disclosed its EEO-1 Consolidated Report for the first time in 2021.

Based on these longstanding values, our Chair and CEO, Mary Barra, chairs an Inclusion Advisory Board (IAB) of internal and external leaders who guide our work to improve diversity and inclusion in our Company. The purpose of the IAB is to consult with GM's Senior Leadership Team with the long-term goal of inspiring the Company to be inclusive through our words, deeds and culture. We also have a number of programs and partnerships aimed at enhancing our culture of inclusion throughout the Company. For example, we have 11 voluntary, employee-led resource groups that provide a forum for diverse employees and allies from a variety of different backgrounds to share experiences and express concerns. Each group also works to attract new talent to our company and offers employees opportunities to support our company's diversity initiatives within the community.

In addition, we are expanding our partnerships with organizations aimed at supporting our ongoing efforts to increase the representation of women and underrepresented groups in our workplace. Through our participation in the Business Roundtable Multiple Pathways Initiative and OneTen, for example, we are specifically aiming to build more robust pipelines for skills-based hiring into our company while ensuring long-term developmental opportunity.

***Develop and Retain Talented People*** Today, we compete for talent against other automotive companies and against businesses in other sectors, such as technology. To win and keep top talent, we must provide a workplace culture that encourages employee behaviors aligned with our values, fulfills their long-term individual aspirations and provides experiences that make individuals feel valued, included and engaged. In furtherance of this goal, we invest significant resources to retain and develop our talent. In addition to mentoring and networking opportunities, we offer a vast array of career development resources to help develop, grow and enable employees to make the most of their careers at GM. Formal resources include, among other things, the Technical Education Program, which offers our employees an opportunity to complete corporate strategically aligned degrees and certificate programs at leading universities, and our Degreed Learning Platform, which brings forth a variety of external and in-house content in learning pathways and other micro learnings. It is also tied to our GM Competency and skills model. Employees in some of our technical roles also have the opportunity to participate in the GM Technical Learning University — a training and upskilling program designed to expand and update the technical prowess of our workforce.

GM recognizes that leadership effectiveness is a critical business need. All new managers in the Company are automatically entered into a six-month immersive learning program and all new executives come together annually for a week-long upskilling and targeted development program designed around the GM leadership profile.

***Safety and Well-Being*** The safety and well-being of our employees is also a critical component of our ability to transform the future of personal mobility. At GM, we pride ourselves on our commitment to live values that return people home safely — Every Person, Every Site, Every Day. Our unwavering commitment to safety is manifested through empowering employees to “Speak Up for Safety” through various means without fear of retaliation. The well-being of our employees is equally as important to entice and stimulate creativity and innovation. In addition to traditional healthcare, paid time off, paid parental leave, wellness programs, flextime scheduling and telecommuting arrangements and retirement benefits, including a 401(k) matching program, GM offers a variety of benefits and resources to support employees' physical and mental health, including access to fitness facilities in certain locations, which help us both attract talent and reap the benefits of a healthier workforce. In addition, leveraging our experience with remote work during the COVID-19 pandemic, GM recently instituted “Work Appropriately,” a policy whereby, depending on the nature of their work, our employees have the flexibility to work where they can have the greatest impact to achieve their goals and for their individual success.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

**Employees** At December 31, 2021, we employed approximately 83,000 (53%) hourly employees and approximately 74,000 (47%) salaried employees. At December 31, 2021, approximately 45,000 (46%) of our U.S. employees were represented by unions, a majority of which were represented by the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW). The following table summarizes worldwide employment (in thousands):

	<u>December 31, 2021</u>
GMNA(a)	115
GMI	33
GM Financial	9
Total Worldwide	<u>157</u>
U.S. - Salaried	53
U.S. - Hourly	45

(a) Includes Cruise.

**Information About our Executive Officers** As of February 2, 2022, the names and ages of our executive officers and their positions with GM are as follows:

Name (Age)	Present GM Position (Effective Date)	Positions Held During the Past Five Years (Effective Date)
Mary T. Barra (60)	Chair and Chief Executive Officer (2016)	
Julian Blissett (55)	Executive Vice President and President, GM China (2020)	Senior Vice President, International Operations (2019) Vice President, Executive Shanghai GM (2014)
Stephen K. Carlisle (59)	Executive Vice President and President, North America (2020)	Senior Vice President and President, Cadillac (2018) President and Managing Director, GM Canada (2015)
Craig B. Glidden (64)	Executive Vice President, Global Public Policy, General Counsel and Corporate Secretary (2021)	Executive Vice President and General Counsel (2015)
Christopher T. Hatto (51)	Vice President, Global Business Solutions and Chief Accounting Officer (2020)	Vice President, Controller and Chief Accounting Officer (2018) Chief Financial Officer, U.S. Sales Operations (2016)
Paul A. Jacobson (50)	Executive Vice President and Chief Financial Officer (2020)	Delta Air Lines, Executive Vice President — Chief Financial Officer (2013)
Gerald Johnson (59)	Executive Vice President, Global Manufacturing and Sustainability (2019)	Vice President, North America Manufacturing and Labor Relations (2017) Vice President of Operational Excellence (2014)
Douglas L. Parks (60)	Executive Vice President, Global Product Development, Purchasing and Supply Chain (2019)	Vice President, Autonomous and Electric Vehicles (2017) Vice President, Autonomous Technology and Vehicle Execution (2016)
Mark L. Reuss (58)	President (2019)	Executive Vice President and President, Global Product Development Group and Cadillac (2018) Executive Vice President, Global Product Development, Purchasing & Supply Chain (2014)

There are no family relationships between any of the officers named above and there is no arrangement or understanding between any of the officers named above and any other person pursuant to which he or she was selected as an officer. Each of the officers named above was elected by the Board of Directors to hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal.

### Environmental and Regulatory Matters

**Automotive Criteria Emissions Control** Our products are subject to laws and regulations globally that require us to control certain non-GHG automotive emissions, including vehicle and engine exhaust emission standards, vehicle evaporative emission standards and onboard diagnostic (OBD) system requirements. Emission requirements have become more stringent as a result of stricter standards and new diagnostic requirements that have come into force in many markets around the world, often with very little harmonization. Regulatory authorities may conduct ongoing evaluations of products from all manufacturers. For additional information, refer to Item 1A. Risk Factors.



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

The U.S. federal government, through the Environmental Protection Agency (EPA), imposes stringent exhaust and evaporative emission control requirements on vehicles sold in the U.S. The California Air Resources Board (CARB) likewise imposes stringent exhaust and evaporative emission standards. The Clean Air Act permits states that have areas with air quality compliance issues to adopt California emission standards in lieu of federal requirements. Seventeen states and the District of Columbia have adopted California emission standards, and there is a possibility that additional U.S. jurisdictions could adopt California emission requirements in the future.

For each model year we must obtain certification that our vehicles and heavy-duty engines will meet emission requirements of the EPA before we can sell vehicles in the U.S. and Canada, and of CARB before we can sell vehicles in California and the states that have adopted California emission requirements.

The Canadian federal government's current vehicle pollutant emission requirements are generally aligned with U.S. federal requirements.

In 2019, certain areas within China began implementation of the China 6 emission standard (China 6) requirements. China 6 combines elements of both European Union (EU) and U.S. standards and increases the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance. Nationwide implementation of China 6a for new registrations occurred in January 2021, and the more stringent China 6b is expected to be implemented in July 2023.

Brazil has approved a set of national emission standards referred to as L7, to be implemented in 2022, and L8, to be implemented from 2025 onward. L7 standards cover tailpipe exhaust gases, durability for emissions, evaporative emissions and noise limits, and include additional OBD requirements and a phase-in for onboard refueling vapor recovery systems. L8 standards include targets for vehicle emissions and reduce corporate exhaust limits every two years until 2031. Some of the requirements are aligned with those of the EPA.

As a result of the sale of the Opel and Vauxhall businesses and certain other assets in Europe (Opel/Vauxhall Business), GM's vehicle presence in Europe is smaller, but GM may still be affected by actions taken by regulators related both to Opel/Vauxhall vehicles sold before the sale of the Opel/Vauxhall Business as well as to other vehicles GM continues to sell in Europe. In the EU, increased scrutiny of compliance with emission standards may result in changes to these standards, as well as stricter interpretations or redefinition of these standards and more rigorous enforcement. For example, our former German subsidiary has participated in continuing discussions with German and European authorities concerning emissions control systems. Beyond this, as a part of the EU's desire to accelerate the shift to sustainable mobility, the EU is looking to develop stricter emission standards (Euro 7) for all petrol and diesel cars, vans, lorries and buses, as well as reform CO2 standards, and place requirements on batteries to be used in EVs. For additional information, refer to Note 16 to our consolidated financial statements.

***Automotive Fuel Economy and GHG Emissions*** In the U.S., NHTSA promulgates and enforces Corporate Average Fuel Economy (CAFE) standards for three separate fleets: domestic cars, import cars and light-duty trucks. Manufacturers are subject to substantial civil penalties if they fail to meet the applicable CAFE standard in any model year, after considering all available credits for the preceding five model years, expected credits for the three succeeding model years and credits obtained from other manufacturers. In addition to federal CAFE standards, the EPA promulgates and enforces GHG emission standards. In March 2020, NHTSA and the EPA issued a rule setting fuel economy and GHG emission standards for light-duty vehicles through the 2026 model year. Those actions are currently being challenged through litigation; however, the litigation is currently held in abeyance as the agencies have since proposed new, more stringent light-duty CAFE and GHG standards. Though NHTSA and the EPA have previously issued joint CAFE and GHG standards, the agencies have now separately proposed, and the EPA has finalized, standards with differing stringency levels and affected model years, with the proposed CAFE standards addressing the 2024-2026 model years and the GHG standards addressing the 2023-2026 model years. NHTSA and the EPA also regulate the fuel efficiency and GHG emissions of medium- and heavy-duty vehicles, imposing more stringent standards over time.

In addition, CARB has asserted the right to promulgate and enforce its own state GHG standards for motor vehicles, and other states have asserted the right to adopt CARB's standards. CARB regulations previously stated that compliance with the light-duty EPA GHG program is deemed compliance with CARB standards. However, in December 2018 CARB amended this regulation to state that, in the event the EPA were to alter federal GHG stringency, which it now has, compliance with the EPA's GHG emission standards will no longer be deemed compliance with CARB's separate requirements. In September 2019, NHTSA issued a rule asserting that California is preempted from regulating GHG emissions. Litigation challenging that rule is currently being held in abeyance, as the EPA has since proposed, and NHTSA has finalized, actions that could result in a restoration of California's ability to promulgate and enforce its own state GHG standards. Depending on the outcome of the federal CAFE and GHG rulemakings and related litigation and the finality of CARB's regulatory amendment, in the future GM might be required to meet differing EPA GHG, California GHG and CAFE standards.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

CARB has also imposed the requirement that increasing percentages of Zero Emission Vehicles (ZEVs) must be sold in California. The Clean Air Act permits states to adopt California emission standards, and 14 have adopted the ZEV requirements. In September 2019, the EPA revoked the waiver it had granted to California that permitted its ZEV program, and NHTSA also asserted preemption of California's ZEV program. Litigation over EPA and NHTSA's actions is currently being held in abeyance, as EPA and NHTSA have since proposed actions that could result in a restoration of California's ability to promulgate and enforce ZEV standards. Depending on any final agency action taken by the EPA and NHTSA, and/or the outcome of the related litigation, there is a possibility that additional U.S. jurisdictions could adopt California ZEV requirements in the future.

In Canada, light- and heavy-duty GHG regulations are currently patterned after the EPA GHG emission standards given the integrated nature of the auto sector between Canada and the United States. The Canadian government is conducting a mid-term review of its 2022 to 2025 model year light-duty GHG standards and is considering regulatory developments of the U.S. in this regard. In addition, the Canadian province of Quebec has ZEV requirements regulating the 2018 to 2025 model years largely based on California program requirements and the province of British Columbia's similar ZEV regulations that were completed in July 2020 and cover the 2020 to 2039 model years. Both provinces are further updating their ZEV regulations and the Canadian federal government recently proposed to ban the sale of ICE vehicles in Canada beginning in 2035, although no specific draft regulations have been shared at this time.

China has two fuel economy requirements for passenger vehicles: an individual vehicle pass-fail type approval requirement and a fleet average fuel consumption requirement. With a focus on the fleet average fuel consumption requirement, the China Phase 5 launched in 2021 and full compliance is required by 2025. In addition, China has established a mandate that requires passenger car manufacturers to produce a certain volume of plug-in hybrid, battery electric and fuel cell vehicles, which are referred to as New Energy Vehicles (NEVs), to generate credits in 2019 and beyond. The number of credits per car is based on the level of electric range and energy efficiency, with the goal of increasing NEV volume penetrations and improving technological sophistication over time. Uncommitted NEV credits may be used to assist compliance with the fleet average fuel consumption requirement. China has issued NEV credit targets between 2019 and 2023 and is setting new NEV credit targets aimed at further increasing volumes of NEVs in 2024 and 2025. China has provided various levels of subsidies for NEVs, and certain subsidies have been extended to the end of 2022.

In Brazil, the Secretary of Industry and Development promulgates and enforces CAFE standards and has enforced a new CAFE program for the period October 2020 to September 2026 and October 2026 to September 2032 for light-duty and mid-size trucks and SUVs, including diesel vehicles, imposing more stringent standards for each period.

We have several options to comply with existing and potential new global regulations. Such options include increasing production and sale of certain vehicles, such as EVs, and curtailing production of less fuel efficient ICE vehicles; technology changes, including fuel consumption efficiency and engine upgrades; payment of penalties; and/or purchase of credits from third parties. We regularly evaluate our current and future product plans and strategies for compliance with fuel economy and GHG regulations.

We plan to be carbon neutral by 2040 in our global products and operations, supported by a commitment to science-based targets. In addition, the Company announced our vision of an all-electric future and our plan to eliminate tailpipe emissions from new light-duty vehicles by 2035. These targets align with our growth and transformation plan including our commitment to an all-electric future, which will be enabled by our Ultium platform and HYDROTEC technology as previously detailed. We also announced, in June 2021, our plans to increase our investment in EVs and AVs to more than \$35.0 billion through 2025 to accelerate this transformation plan.

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

To mitigate the effects of our worldwide operations on the environment, including climate change, we are embracing sustainability programs focused on reducing operational GHG emissions, water consumption and discharge and waste disposal. In 2021, we launched our new global GM Zero Waste program, with a goal to divert waste from landfills and incinerators. For the year ended December 31, 2021, GM's facilities included in the global GM Zero Waste program diverted over 1.1 million metric tons of waste from landfills and incinerators through composting, reusing and recycling.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

In addition to reducing our impact on the environment, our waste reduction commitments generate income from the sale of production by-products, reduce our use of raw materials and help to reduce the risks and financial liabilities associated with waste disposal.

We continue our efforts to increase our use of renewable energy, improve our energy efficiency and work to drive growth and scale of renewables. To that end, we have set a goal of meeting the electricity needs of our operations with 100% renewable energy by 2025 in the U.S., a goal we recently accelerated from 2030, and by 2035 globally.

Through December 31, 2021, we implemented projects and signed renewable energy contracts globally that brought our total renewable energy capacity to over one gigawatt by 2023, which represents approximately 75% of our U.S. electricity use and approximately 40% of our global electricity use. In 2019 and 2020, we executed two of our largest green tariffs to date with DTE Energy Company, sourcing 840,000 megawatt hours of renewable energy that began supplying us in early 2021 in phase 1 with the remainder expected in mid-2023 in phase 2. Additionally, in 2020 we executed our largest power purchase agreement to date, with 180 megawatts of solar electricity supplying our U.S. operations starting in 2023. We continue to seek opportunities for a diversified renewable energy portfolio including wind, solar and landfill gas, including executing a 28 megawatts solar green tariff with TVA to supply our Bowling Green Assembly Plant. In 2021, Energy Star certified two assembly plants and four buildings in the U.S. for superior energy management. We also met the EPA Energy Star Challenge for Industry (EPA Challenge) at five additional sites by reducing energy intensity an average of 15% at these sites within two years. To meet the EPA Challenge, industrial sites must reduce energy intensity by 10% within a five year period. In total, 69 GM-owned manufacturing sites have met the EPA Challenge, with many sites achieving the goal multiple times for a total of 132 recognitions. Additionally, we received recognition from the U.S. Department of Energy (DOE) of 50001 Ready status for 25 facilities. The U.S. DOE 50001 Ready program is a self-guided approach for facilities to establish an energy management system and self-attest to the structure of ISO 50001, a voluntary global standard for energy management systems in industrial, commercial and institutional facilities. These sustainability efforts reduce our operational expenses and are part of our approach to improve the sustainability of our operations by aligning our business strategy with aggressive environmental goals and reduction targets, collecting accurate data, and publicly reporting progress against our targets.

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

Globally, governments continue to introduce new legislation and regulations related to the selection and use of chemicals by mandating broad prohibitions or restrictions and implementing vehicle interior air quality, green chemistry, life cycle analysis and product stewardship initiatives. These initiatives give broad regulatory authority to ban or restrict the use of certain chemical substances and potentially affect automobile manufacturers' responsibilities for vehicle components at the end of a vehicle's life, as well as chemical selection for product development and manufacturing. Global treaties and initiatives such as the Stockholm, Basel and Rotterdam Conventions on Chemicals and Waste and the Minamata Convention on Mercury, are driving chemical regulations across signatory countries. Increases in the use of circuit boards and other electronics may require additional assessment under the Restriction on Hazardous Substances and Waste from Electrical and Electronic Equipment directives. New European requirements require suppliers of parts and vehicles to the European market to disclose Substances of Concern in Parts.

Chemical regulations are increasing in North America. In the U.S., the EPA is moving forward with risk analysis and management of high priority chemicals under the authority of the 2016 Lautenberg Chemical Safety for the 21st Century Act. In addition, several U.S. states have chemical management regulations that can affect vehicle design and manufacturing such as chemical restriction and use requirements. Chemical restrictions and export controls in Canada continue to steadily progress under the Environment and Climate Change Canada's Chemical Management Plan to assess existing substances and implement risk management controls on any chemical deemed toxic.

These emerging laws and regulations will potentially lead to increases in costs and supply chain complexity. Manufacturers, including joint venture partners and suppliers, that do not comply with global and specific country regulations could be subject to civil penalties, production disruptions, or limitations on the sale of affected products. We believe we are materially in compliance with substantially all these requirements or expect to be materially in compliance by the required dates.



## *Vehicle Safety*

**U.S. Requirements** The National Traffic and Motor Vehicle Safety Act of 1966 (the Safety Act) regulates the vehicles and items of motor vehicle equipment that we manufacture and sell. The Safety Act prohibits the sale in the United States of any new vehicle or equipment that does not conform to applicable federal motor vehicle safety standards established by NHTSA. Meeting or exceeding the many safety standards is costly as global compliance and non-governmental assessment requirements continue to evolve and grow more complex, and lack harmonization globally. The Safety Act further requires that if we or NHTSA determine a vehicle or an item of vehicle equipment does not comply with a safety standard, or that vehicle or equipment contains a defect that poses an unreasonable safety risk, we must conduct a safety recall to remedy that condition in the affected vehicles. Should we or NHTSA determine a safety defect or noncompliance issue exists with respect to any of our vehicles, the cost of such recall campaigns could be substantial.

**Other National Requirements** Outside of the U.S., many countries have established vehicle safety standards and regulations and are likely to adopt additional, more stringent requirements in the future. The European General Safety Regulation has introduced United Nations Economic Commission for Europe (UN-ECE) regulations, which are required for the European Type Approval process. Globally, governments generally have been adopting UN-ECE based regulations with some variations to address local concerns. Any difference between North American and UN-ECE based regulations can add complexity and costs to vehicle development, and we continue to support efforts to harmonize regulations to reduce complexity. New safety and recall requirements in various countries around the world, including in China, Brazil, and Gulf Cooperation Council countries, also may add substantial costs and complexity to our safety and field action activities globally. In Canada, vehicle regulatory requirements are currently aligned with U.S. regulations; however, under the Canadian Motor Vehicle Safety Act, recall thresholds are different and the Minister of Transport has broad powers to order manufacturers to submit a notice of defect or non-compliance when the Minister considers it to be in the interest of safety. Further, various governments are beginning to mandate e-Call and other features that can be market-specific and add complexity and increase our cost of compliance globally.

**Crash Test Ratings and New Car Assessment Programs** Organizations in various regions around the world, including in the U.S., rate and compare motor vehicles through various New Car Assessment Programs (NCAPs) to provide consumers and businesses with additional information about the safety of new vehicles. NCAPs use crash tests and other evaluations that are different than what is required by applicable regulations, and use stars to rate vehicle safety, with five stars awarded for the highest rating and one for the lowest. Achieving high NCAP ratings, which can vary by country and region, can add complexity and cost to vehicles.

**Website Access to Our Reports** Our internet website address is <https://www.gm.com>. In addition to the information about us and our subsidiaries contained in this 2021 Form 10-K, information about us can be found on our website including information on our corporate governance principles and practices. Our Investor Relations website at <https://investor.gm.com> contains a significant amount of information about us, including financial and other information for investors. We encourage investors to visit our website, as we frequently update and post new information about our company on our website and it is possible that this information could be deemed to be material information. Our website and information included in or linked to our website are not part of this 2021 Form 10-K.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are available free of charge through our website as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (SEC). The SEC maintains a website that contains reports, proxy and information statements, and other information regarding our filings at <https://www.sec.gov>.

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**Item 1A. Risk Factors**

We have listed below the most material risk factors applicable to us. These risk factors are not necessarily in the order of importance or probability of occurrence:

**Risks related to our competition and strategy**

***If we do not deliver new products, services, technologies and customer experiences in response to increased competition and changing consumer preferences in the automotive industry, our business could suffer.*** We believe that the automotive industry will continue to experience significant change in the coming years, particularly as traditional automotive original equipment manufacturers shift resources to the development of EVs. In addition to our traditional competitors, we must also be responsive to the entrance of start-ups and other non-traditional competitors in the automotive industry. These new competitors, as well as established industry participants, are disrupting the historic business model of our industry through the introduction of new technologies, products, services, direct-to-consumer sales channels, methods of transportation and vehicle ownership. To successfully execute our long-term strategy, we must continue to develop new products and services, including products and services that are outside of our historically core ICE business, such as EVs and AVs, software-enabled connected services and other new businesses.

Our vehicles and connected services increasingly rely on software and hardware that is highly technical and complex. The process of designing and developing new technology, products and services is costly and uncertain and requires extensive capital investment and the ability to retain and recruit the best talent. If our access to capital were to become significantly constrained, if costs of capital increased significantly, or if our ability to raise capital is challenged relative to our peers, in each case including as a result of any constraints on lending due to concerns about climate change, our ability to execute on our strategic plans could be adversely affected. Further, the market for highly skilled workers and leaders in our industry is extremely competitive. Failure to attract, hire, develop, motivate and retain highly qualified and diverse employees could disrupt our operations and adversely affect our strategic plans.

There can be no assurance that advances in technology will occur in a timely or feasible way, if at all, that others will not acquire similar or superior technologies sooner than we do, or that we will acquire technologies on an exclusive basis or at a significant price advantage. Further, if we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our software and hardware, or fail to deploy updates to our software properly, or if we do not adequately prepare for and respond to new kinds of technological innovations, market developments and changing customer needs, our sales, profitability and long-term competitiveness may be harmed.

***Our ability to maintain profitability is dependent upon our ability to timely fund and introduce new and improved vehicle models, including EVs, that are able to attract a sufficient number of consumers.*** We operate in a very competitive industry with market participants routinely introducing new and improved vehicle models and features designed to meet rapidly evolving consumer expectations. Producing new and improved vehicle models, including EVs, that preserve our reputation for designing, building and selling safe, high-quality cars, trucks and SUVs is critical to our long-term profitability. Successful launches of our new vehicles are critical to our short-term profitability. The new vehicle development process can take two years or more, and a number of factors may lengthen that time period. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, technological innovations, fuel prices, general economic conditions, regulatory developments, transportation infrastructure and changes in quality, safety, reliability and styling demands and preferences, an initial product concept or design may not result in a saleable vehicle or a vehicle that generates sales in sufficient quantities and at high enough prices to be profitable. Our high proportion of fixed costs, both due to our significant investment in property, plant and equipment as well as other requirements of our collective bargaining agreements, which limit our flexibility to adjust personnel costs to changes in demands for our products, may further exacerbate the risks associated with incorrectly assessing demand for our vehicles.

***Our long-term strategy is dependent upon our ability to profitably deliver a broad portfolio of EVs.*** The production and profitable sale of EVs has become increasingly important to our long-term business as we accelerate our transition to an all-electric future. In 2021, we increased our commitment to investments in EV and AV technologies to more than \$35.0 billion from 2020 through 2025, with plans to launch more than 30 new EV models globally across several price points in that timeframe. Our EV strategy is dependent on our ability to deliver a broad portfolio of high-quality EVs that are competitive and meet consumer demands; reduce the costs associated with the manufacture of EVs, particularly with respect to batteries; increase vehicle range and the energy density of our batteries; license and monetize our proprietary platforms and related innovations; successfully invest in new technologies relative to our peers; develop new software and services; and leverage our scale, manufacturing capabilities and synergies with existing ICE vehicles.

In addition, consumer adoption of EVs will be critical to the success of our strategy. Consumer adoption of EVs could be impacted by numerous factors, including the breadth of the portfolio of EVs available; perceptions about EV features, quality, safety, performance and cost relative to ICE vehicles; the range over which EVs may be driven on a full battery charge; the proliferation of charging infrastructure, in particular with respect to public EV charging stations; cost and availability of high fuel-economy ICE vehicles; volatility, or a sustained decrease, in the cost of petroleum-based fuel; failure by governments and other third parties to make the investments necessary to make infrastructure improvements, such as greater availability of cleaner energy grids and EV charging stations, and to provide economic incentives promoting the adoption of EVs; and negative feedback from stakeholders impacting investor and consumer confidence in our company or industry. If we are unable to successfully deliver on our EV strategy, it could materially and adversely affect our results of operations, financial condition and growth prospects, and could negatively impact our brand and reputation.

***Our near-term profitability is dependent upon the success of our current line of full-size ICE SUVs and full-size ICE pickup trucks.*** While we offer a broad portfolio of cars, crossovers, SUVs and trucks, and we have announced significant plans to design, build and sell a broad portfolio of EVs, we currently recognize higher profit margins on our full-size ICE SUVs and full-size ICE trucks. Our near-term success is dependent upon our ability to sell higher margin vehicles in sufficient volumes. We also plan to use the cash generated by our ICE vehicles to fund our growth strategy, including the development and sale of EVs and AVs. Any near-term shift in consumer preferences toward smaller, more fuel-efficient vehicles, whether as a result of increases in the price of oil or any sustained shortage of oil, including as a result of global political instability, concerns about climate change, including any constraints related to lending on GHG-emitting products, or other reasons, could weaken the demand for our higher margin vehicles. More stringent fuel economy regulations could also impact our ability to sell these vehicles or could result in additional costs associated with these vehicles. See “Our operations and products are subject to extensive laws, regulations and policies, including those related to vehicle emissions and fuel economy standards, which can significantly increase our costs and affect how we do business.”

***We operate in a highly competitive industry that has historically had excess manufacturing capacity, and attempts by our competitors to sell more vehicles could have a significant negative effect on our vehicle pricing, market share and operating results.*** The global automotive industry is highly competitive in terms of the quality, innovation, new technologies, pricing, fuel economy, reliability, safety, customer service and financial services offered. Additionally, overall manufacturing capacity in the industry has historically far exceeded demand. In addition, we have made, and plan to continue to make, significant investments in EV manufacturing capacity based on our expectations for EV demand, which is subject to various risks and uncertainties as described above. Many manufacturers, including GM, have relatively high fixed labor costs as well as limitations on their ability to close facilities and reduce fixed costs, often as a result of collective bargaining agreements. In light of any excess capacity and high fixed costs, many industry participants have attempted to sell more vehicles by providing subsidized financing or leasing programs, offering marketing incentives or reducing vehicle prices. As a result, we may be required to offer similar incentives that may result in vehicle prices that do not offset our costs, including any cost increases or the impact of adverse currency fluctuations, which could affect our profitability. Our competitors may also seek to benefit from economies of scale by consolidating or entering into other strategic agreements such as alliances or joint ventures intended to enhance their competitiveness.

Manufacturers in countries that have lower production costs, such as China and India, have become competitors in key emerging markets and have announced their intention to export their products to established markets as a low-cost alternative to established entry-level automobiles. In addition, foreign governments may decide to implement tax and other policies that favor their domestic manufacturers at the expense of international manufacturers, including GM and its joint venture partners. These actions have had, and are expected to continue to have, a significant negative effect on our vehicle pricing, market share and operating results in these markets.

***Our AV strategy is dependent upon our ability to successfully mitigate unique technological, operational and regulatory risks.*** GM Cruise Holdings LLC (Cruise Holdings), our majority-owned subsidiary, is responsible for the development and commercialization of AV technology. Our AV operations are capital intensive and subject to a variety of risks inherent with the development of new technologies, including our ability to continue to develop self-driving software and hardware, such as Light Detection and Ranging (LiDAR) sensors and other components; access to sufficient capital; risks related to the manufacture of purpose-built AVs; and significant competition from both established automotive companies and technology companies, some of which may have more resources and capital to devote to AV technologies than we do. In addition, we face risks related to the commercial deployment of AVs on our targeted timeline or at all, including consumer acceptance, achievement of adequate safety and other performance standards and compliance with uncertain, evolving and potentially conflicting federal and state or provincial regulations. To the extent accidents, cybersecurity breaches or other adverse events associated with our autonomous driving systems occur, we could be subject to liability, reputational harm, government scrutiny and further regulation, and it could deter consumer adoption of AV technology. Any of the foregoing could materially and adversely affect our results of operations, financial condition and growth prospects.

***We are subject to risks associated with climate change, including increased regulation of GHG emissions, changing consumer preferences and other risks related to our transition to EVs and the potential increased impacts of severe weather events on our operations and infrastructure.*** Increasing attention to climate change, increasing societal expectations on companies to address climate change and changes in consumer preferences may result in increased costs, reduced demand for our products, reduced profits, risks associated with new regulatory requirements and the potential for increased litigation and governmental investigations. Climate change regulations at the federal, state or local level or in international jurisdictions could require us to further limit emissions associated with customer use of products we sell, change our manufacturing processes or product portfolio or undertake other activities that may require us to incur additional expense, which may be material. These requirements may increase the cost of, and/or diminish demand for, our ICE vehicles. See “Our operations and products are subject to extensive laws, regulations and policies, including those related to vehicle emissions and fuel economy standards, which can significantly increase our costs and affect how we do business.”

Part of our strategy to address these risks includes our transition to EVs, which presents additional risks, including reduced demand for, and therefore profits from, our ICE vehicles, which we plan to use to fund our growth strategy; higher costs related to EV technologies impacting profitability compared to ICE vehicles; and risks related to the success of our EV strategy. See “Our long-term strategy is dependent upon our ability to profitably deliver a broad portfolio of EVs” and “Our near-term profitability is dependent upon the success of our current line of full-size ICE SUVs and full-size ICE pickup trucks.”

Finally, increased intensity, frequency or duration of storms, droughts or other severe weather events as a result of climate change may disrupt our production and the production, logistics, cost and procurement of products from our suppliers and timely delivery of vehicles to customers, and could negatively impact working conditions at our plants and those of our suppliers. Any of the foregoing could have a material adverse effect on our financial condition and results of operations.

#### **Risks related to our operations**

***Our business is highly dependent upon global automobile market sales volume, which can be volatile.*** Because we have a high proportion of relatively fixed structural costs, small changes in sales volume can have a disproportionately large effect on our profitability. A number of economic and market conditions drive changes in new vehicle sales, including disruptions in the new vehicle supply chain, the availability and prices of used vehicles, levels of unemployment and inflation, availability of affordable financing, fluctuations in the cost of fuel, consumer confidence and demand for vehicles, political unrest or uncertainty, the occurrence of a contagious disease or illness, including COVID-19, barriers to trade and other global economic conditions. For a discussion of economic and market trends, see the “Overview” section in Part II, Item 7. MD&A. Any significant decrease in new vehicle sales could materially and adversely affect our results of operations and financial condition.

***High prices and uncertain availability of commodities, raw materials or other inputs used by us and our suppliers, or instability in logistics and related costs, could negatively impact our profitability.*** Increases in prices for commodities, raw materials or other inputs that we and our suppliers use in manufacturing products, systems, components and parts, such as steel, precious metals, non-ferrous metals, critical minerals or other similar raw materials, or increases in logistics and related costs, may lead to higher production costs for parts, components and vehicles. In addition, any increase in the cost of critical materials for our EV propulsion systems, including lithium, nickel, cobalt and certain rare earth metals, could lead to higher production costs for our EVs and could impede our ability to successfully deliver on our EV strategy. Further, increasing global demand for, and uncertain supply of, such materials could disrupt our or our suppliers’ ability to obtain such materials in a timely manner and/or could lead to increased costs. Geopolitical risk, fluctuations in supply and demand, any weakening of the U.S. dollar and other economic and political factors may continue to create pricing pressure for commodities, raw materials and other inputs. These inflationary pressures could, in turn, negatively impact our future profitability because we may not be able to pass all of those costs on to our customers or require our suppliers to absorb such costs.

***Our business in China subjects us to unique operational, competitive and regulatory risks.*** Pursuing opportunities in the Chinese market is an important component of our global growth strategy. Our business in China is subject to aggressive competition from many of the largest global manufacturers and numerous domestic manufacturers as well as non-traditional market participants, such as domestic technology companies. In addition, our success in China depends upon our ability to adequately address unique market and consumer preferences driven by advancements related to EVs, infotainment, software-enabled connected services and other new technologies. Our ability to fully deploy our technologies in China may be impacted by evolving laws and regulations in the U.S. and China. Increased competition, continued U.S.-China trade tensions or weakening economic conditions in China, among other factors, may result in cost increases, price reductions, reduced sales, profitability and margins, and challenges to gaining or holding market share.



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Certain risks and uncertainties of doing business in China are solely within the control of the Chinese government, and Chinese law regulates the scope of our investments and business conducted within China. In order to maintain access to the Chinese market, we may be required to comply with significant technical and other regulatory requirements that are unique to the Chinese market, at times with challenging lead times. These actions may increase the cost of doing business in China or limit how and under what conditions we may do business in China, which could materially and adversely affect our profitability and financial condition.

***We benefit from many ongoing strategic business relationships, and a significant amount of our operations are conducted by joint ventures, which we cannot operate solely for our benefit.*** We are engaged in many strategic business relationships, and we expect that such arrangements will continue to be an important factor in the growth and success of our business, particularly in light of industry consolidation. However, there are no assurances that we will be able to identify or secure suitable business relationships in the future or that our competitors will not capitalize on such opportunities before we do, or that any strategic business relationships that we enter into will be successful. If we are unable to successfully source and execute on strategic business relationships in the future, our overall growth could be impaired, and our business, prospects and results of operations could be materially adversely affected.

In addition, many of our operations, primarily in China and Korea as well as our battery manufacturing operations with LG Energy Solution, are carried out by joint ventures. In joint ventures we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities or resources as we do and may compete with us outside the joint venture. Joint ventures are intended to be operated for the benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions that must further take into consideration our partners' interests. In joint ventures we are required to foster our relationships with our co-owners as well as promote the overall success of the joint venture, and if a co-owner changes, relationships deteriorate or strategic objectives diverge, our success in the joint venture may be materially adversely affected. Further, the benefits from a successful joint venture are shared among the co-owners, therefore we do not receive all the benefits from our successful joint ventures.

In addition, because we share ownership and management with one or more parties, we may have limited control over the actions of a joint venture, particularly when we own a minority interest. As a result, we may be unable to prevent violations of applicable laws or other misconduct by a joint venture or the failure to satisfy contractual obligations by one or more parties. Moreover, a joint venture may not follow the same requirements regarding compliance, internal controls and internal control over financial reporting that we follow. To the extent another party makes decisions that negatively impact the joint venture or internal control issues arise within the joint venture, we may have to take responsive actions, or we may be subject to penalties, fines or other punitive actions for these activities.

***The international scale and footprint of our operations expose us to additional risks.*** We manufacture, sell and service products globally and rely upon an integrated global supply chain to deliver the raw materials, components, systems and parts that we need to manufacture our products. Our global operations subject us to extensive domestic and foreign legal and regulatory requirements, and a variety of other political, economic and regulatory risks, including: (1) changes in government leadership; (2) changes in trade compliance, labor, employment, tax, privacy, environmental and other laws, regulations or government policies impacting our overall business model or practices or restricting our ability to manufacture, purchase or sell products consistent with market demand and our business objectives; (3) political pressures to change any aspect of our business model or practices or that impair our ability to source raw materials, services, components, systems and parts, or manufacture products on competitive terms in a manner consistent with our business objectives; (4) political uncertainty, instability, civil unrest or government controls over certain sectors; (5) political and economic tensions between governments and changes in international economic policies, including restrictions on the repatriation of dividends or in the export of technology, especially between China and the U.S.; (6) changes to customs requirements or procedures (e.g., inspections) or new or higher tariffs, for example, on products imported into or exported from the U.S., including under U.S. or other trade laws or measures; (7) new non-tariff barriers to entry or domestic preference procurement requirements, or enforcement of, changes to, withdrawals from or impediments to implementing free trade agreements (for example, the United States-Mexico-Canada Agreement), or preferences of foreign nationals for domestically manufactured products; (8) changes in foreign currency exchange rates, particularly in Brazil and Argentina, and interest rates; (9) economic downturns or significant changes in conditions in the countries in which we operate; (10) differing local product preferences and product requirements, including government certification requirements related to, among other things, fuel economy, vehicle emissions, EVs and AVs, connected services and safety; (11) impact of changes to and compliance with U.S. and foreign countries' export controls, economic sanctions and other similar measures; (12) liabilities resulting from U.S. and foreign laws and regulations, including, but not limited to, those related to the Foreign Corrupt Practices Act and certain other anti-corruption laws; (13) differing labor regulations, agreements, requirements and union relationships; (14) differing dealer and franchise regulations and relationships; (15) difficulties in obtaining financing in foreign countries for

local operations; and (16) natural disasters, public health crises, including the occurrence of a contagious disease or illness, such as COVID-19, and other catastrophic events.

***Any significant disruption at one of our manufacturing facilities could disrupt our production schedule.*** We assemble vehicles at various facilities around the world. Our facilities are typically designed to produce particular models for particular geographic markets. No single facility is designed to manufacture our full range of vehicles. In some cases, certain facilities produce products, systems, components and parts that disproportionately contribute a greater degree to our profitability than others and create significant interdependencies among manufacturing facilities around the world. Should these or other facilities become unavailable either temporarily or permanently for any number of reasons, including labor disruptions, supply chain disruptions, the occurrence of a contagious disease or illness, such as COVID-19, or catastrophic weather events, whether or not as a result of climate change, the inability to manufacture at the affected facility may result in harm to our reputation, increased costs, lower revenues and the loss of customers. In particular, substantially all of our hourly employees are represented by unions and covered by collective bargaining agreements that must be negotiated from time-to-time, including at the local facility level, which increases our risk of work stoppages. We may not be able to easily shift production to other facilities or to make up for lost production. Any new facility needed to replace an inoperable manufacturing facility would need to comply with the necessary regulatory requirements, need to satisfy our specialized manufacturing requirements and require specialized equipment.

***Any disruption in our suppliers' operations could disrupt our production schedule.*** Our automotive operations are dependent upon the continued ability of our suppliers to deliver the systems, components, raw materials and parts that we need to manufacture our products. Our use of "just-in-time" manufacturing processes allows us to maintain minimal inventory. As a result, our ability to maintain production is dependent upon our suppliers delivering sufficient quantities of systems, components, raw materials and parts on time to meet our production schedules. In some instances, we purchase systems, components, raw materials and parts that are ultimately derived from a single source and may be at an increased risk for supply disruptions. Any number of factors, including labor disruptions, catastrophic weather events, the occurrence of a contagious disease or illness, such as COVID-19, contractual or other disputes, unfavorable economic or industry conditions, delivery delays or other performance problems or financial difficulties or solvency problems, could disrupt our suppliers' operations and lead to uncertainty in our supply chain or cause supply disruptions for us, which could, in turn, disrupt our operations, including the production of certain higher margin vehicles. If the COVID-19 pandemic continues to spread or re-emerges and results in a prolonged period of travel, commercial, social and other similar restrictions, we could experience continued and/or additional global supply disruptions. If we experience supply disruptions, we may not be able to develop alternate sourcing quickly. Any disruption of our production schedule caused by an unexpected shortage of systems, components, raw materials or parts even for a relatively short period of time could cause us to alter production schedules, increase work-in-process inventory or suspend production entirely, which could cause a loss of revenues or an increase in working capital, which would adversely affect our profitability and financial condition.

In particular, a global semiconductor supply shortage has had, and is continuing to have, wide-ranging effects across multiple industries, particularly the automotive industry, and it has impacted multiple suppliers that incorporate semiconductors into the parts they supply to us. As a result, the semiconductor supply shortage has had, and depending on how long it persists, could continue to have, a material impact on our operations.

***The COVID-19 pandemic and its impact on the global economy may disrupt our business and operations, which could materially adversely impact our business, financial condition, liquidity and results of operations.*** Pandemics, epidemics or disease outbreaks in the U.S. or globally may disrupt our business, which could materially affect our results of operations, financial condition, liquidity and future expectations. The COVID-19 pandemic has caused, and is continuing to cause, significant disruption to the global economy, including the automotive industry, and has had a material impact on our business. However, the full extent to which the COVID-19 pandemic will impact our operations will depend on future developments, including the duration and severity of the pandemic, any subsequent outbreaks of the virus or any related variants and the efficacy, availability and adoption of vaccines. Future developments are highly uncertain and cannot be predicted with confidence and may adversely impact our global supply chain and global manufacturing operations and cause us to again suspend our operations in the U.S. and elsewhere. In particular, if the COVID-19 pandemic continues or re-emerges, particularly in North America where our profits are most concentrated, resulting in a prolonged period of travel, commercial, social and other similar restrictions, we could experience among other things: (1) continued or additional global supply disruptions, including a delayed recovery from the global semiconductor supply shortage; (2) labor disruptions; (3) an inability to manufacture; (4) an inability to sell to our customers; (5) a decline in showroom traffic and customer demand during and following the pandemic; (6) customer defaults on automobile loans and leases; (7) lower than expected pricing on vehicles sold at auction; and (8) an impaired ability to access credit and the capital markets. We may also be subject to enhanced legal risks, including potential litigation related to the COVID-19 pandemic. We also have substantial cash requirements going forward, including: (1) ongoing cash costs including payments associated with previously announced vehicle recalls, the settlements of multi-district litigation and other recall-related contingencies, payments to service debt and other long-term obligations, including mandatory contributions to our pension plans; and (2) capital expenditures and payments for engineering and product development activities. Our ability to meet these cash requirements may

be negatively impacted by the ongoing COVID-19 pandemic. Any resulting financial impact or the duration of such impact cannot be reasonably estimated at this time, but the COVID-19 pandemic could have a material impact on our business, financial condition and results of operations going forward.

***We may continue to restructure our operations in the U.S. and various other countries and initiate additional cost reduction actions, but we may not succeed in doing so.*** Since 2017, we have undertaken restructuring actions to lower our operating costs in response to difficult market and operating conditions in various parts of the world, including the U.S., Canada, Korea, Southeast Asia, India, Africa, Australia and New Zealand and Europe. As we continue to assess our performance throughout our regions, we may take additional restructuring actions to rationalize our operations, which may result in material asset write-downs or impairments and reduce our profitability in the periods incurred. In addition, these restructuring actions subject us to increased risks of labor unrest or strikes, supplier, dealer, or other third-party litigation, regulator claims or proceedings, negative publicity and business disruption. Failure to realize anticipated savings or benefits from our restructuring and/or cost reduction actions could have a material adverse effect on our business, liquidity and cash flows.

#### **Risks related to our intellectual property, cybersecurity, information technology and data management practices**

***Competitors may independently develop products and services similar to ours, and there are no guarantees that GM's intellectual property rights would prevent competitors from independently developing or selling those products and services.*** There may be instances where, notwithstanding our intellectual property position, competitive products or services may impact the value of our brands and other intangible assets, and our business may be adversely affected. Moreover, although GM takes reasonable steps to maintain the confidentiality of GM proprietary information, there can be no assurance that such efforts will completely deter or prevent misappropriation or improper use of our intellectual property. We sometimes face attempts to gain unauthorized access to our information technology networks and systems for the purpose of improperly acquiring our trade secrets or confidential business information. The theft or unauthorized use or publication of our trade secrets and other confidential business information as a result of such an incident could adversely affect our competitive position. In addition, we may be the target of patent enforcement actions by third parties, including aggressive and opportunistic enforcement claims by non-practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time-consuming. Although we have taken steps to mitigate such risks, if we are found to have infringed any third-party intellectual property rights, we could be required to pay substantial damages, or we could be enjoined from offering some of our products and services. In addition, to prevent unauthorized use of our intellectual property, it may be necessary to prosecute actions for infringement, misappropriation or other violation of our intellectual property against third parties. Any such action could result in significant costs and diversion of our resources and management's attention, and there can be no assurance that we will be successful in any such action.

***Security breaches and other disruptions to information technology systems and networked products, including connected vehicles, owned or maintained by us, GM Financial, or third-parties, such as vendors or suppliers, could interfere with our operations and could compromise the confidentiality of private customer data or our proprietary information.*** We rely upon information technology systems and manufacture networked and connected products, some of which are managed by third parties, to process, transmit and store electronic information and to manage or support a variety of our business processes, activities and products. Additionally, we and GM Financial collect and store sensitive data, including intellectual property and proprietary business information (including that of our dealers and suppliers), as well as personally identifiable information of our customers and employees, in data centers and on information technology networks (including networks that may be controlled or maintained by third parties). The secure operation of these systems and products, and the processing and maintenance of the information processed by these systems and products, is critical to our business operations and strategy. Further, customers using our systems rely on the security of our infrastructure, including hardware and other elements provided by third parties, to ensure the reliability of our products and the protection of their data. We also face the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including vendors, service providers, suppliers, customers, counterparties, exchanges, clearing agents, clearinghouses or other financial intermediaries. Such parties and other third parties who provide us services or with whom we communicate could also be the source of a cyberattack on, or breach of, our operational systems, network, data or infrastructure. Despite our security measures and business continuity plans, our information technology systems and networked and connected products may be vulnerable to damage, disruptions or shutdowns caused by attacks by hackers, computer viruses, malware (including "ransomware"), phishing attacks or breaches due to errors or malfeasance by employees, contractors and others who have access to these systems and products. The occurrence of any of these events could compromise the confidentiality, operational integrity and accessibility of these systems and products and the data that resides within them. Similarly, such an occurrence could result in the compromise or loss of the information processed by these systems and products. Such events could result in, among other things, the loss of proprietary data, interruptions or delays in our business operations and damage to our reputation. In addition, such events could increase the risk of claims alleging that we are non-compliant with applicable laws or regulations, subjecting us to potential liability or regulatory penalties and related costs under laws protecting the privacy of personal information; disrupt our operations; or reduce the competitive

advantage we hope to derive from our investment in advanced technologies. Various events described above have occurred in the past and may occur in the future. Although impacts of past events have been immaterial, the impacts of such events in the future may be material.

***Security breaches and other disruptions of our in-vehicle systems could impact the safety of our customers and reduce confidence in GM and our products.*** Our vehicles contain complex information technology systems. These systems control various vehicle functions including engine, transmission, safety, steering, navigation, acceleration, braking, window, door lock functions and battery and electric motors. We have designed, implemented and tested security measures intended to prevent unauthorized access to these systems. However, hackers have reportedly attempted, and may attempt in the future, to gain unauthorized access to modify, alter and use such systems to gain control of, or to change, our vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. Any unauthorized access to or control of our vehicles or their systems could adversely impact the safety of our customers or result in legal claims or proceedings, liability or regulatory penalties. Laws that would permit third-party access to vehicle data and related systems could expose our vehicles and vehicle systems to third-party access without appropriate security measures in place, leading to new safety and security risks for our customers and reducing customer trust and confidence in our products. In addition, regardless of their veracity, reports of unauthorized access to our vehicles or their systems could negatively affect our brand and harm our reputation, which could adversely impact our business and operating results.

***Our enterprise data practices, including the collection, use, sharing and security of the Personal Identifiable Information of our customers, employees and suppliers, are subject to increasingly complex and restrictive regulations in all key market regions.*** Under these regulations, the failure to maintain compliant data practices could result in consumer complaints and regulatory inquiry, resulting in civil or criminal penalties, as well as brand impact or other harm to our business. In addition, increased consumer sensitivity to real or perceived failures in maintaining acceptable data practices could damage our reputation and deter current and potential users or customers from using our products and services. The cost of compliance with these laws and regulations will be high and is likely to increase in the future. The growing patchwork of state and country regulations imposes burdensome obligations on companies to quickly respond to consumer requests, such as requests to delete, disclose and stop selling personal information, with significant fines for noncompliance. Complying with these new laws has significantly increased, and may continue to increase, our operating costs and is driving increased complexity in our operations.

#### **Risks related to government regulations and litigation**

***Our operations and products are subject to extensive laws, regulations and policies, including those related to vehicle emissions and fuel economy standards, which can significantly increase our costs and affect how we do business.*** We are significantly affected by governmental regulations on a global basis that can increase costs related to the production of our vehicles and affect our product portfolio, particularly regulations relating to fuel economy standards and GHG emissions. Meeting or exceeding the requirements of these regulations is costly, often technologically challenging and may require phase-out of internal combustion propulsion in certain major jurisdictions, and these standards are often not harmonized across jurisdictions. We anticipate that the number and extent of these and other regulations, laws and policies, and the related costs and changes to our product portfolio, may increase significantly in the future, primarily motivated by efforts to reduce GHG emissions. Specifically, fuel economy and GHG emission regulations at the federal, state or local level or in international jurisdictions could require us to further limit the sale of certain profitable products, subsidize the sale of less profitable ones, change our manufacturing processes, pay penalties or undertake other activities that may require us to incur additional expense, which may be material. These requirements may increase the cost of, and/or diminish demand for, our vehicles. These regulatory requirements, among others, could significantly affect our plans for global product development and, given the uncertainty surrounding enforcement and regulatory definitions and interpretations, may result in substantial costs, including civil or criminal penalties. In addition, an evolving but un-harmonized emissions and fuel economy regulatory framework that could include specific sales mandates may limit or dictate the types of vehicles we sell and where we sell them, which can affect our revenues. Refer to the "Environmental and Regulatory Matters" section of Item 1. Business for further information on regulatory and environmental requirements.

We expect that to comply with fuel economy and GHG emission standards and mandates to sell specific volumes of ZEV in certain jurisdictions, we will be required to sell a significant volume of EVs, and potentially develop and implement new technologies for conventional internal combustion engines, all of which will require substantial investment and expense. There are limits on our ability to achieve fuel economy improvements over a given time frame, primarily relating to the cost and effectiveness of available technologies, lack of sufficient consumer acceptance of new technologies and of changes in vehicle mix, lack of willingness of consumers to absorb the additional costs of new technologies, the appropriateness (or lack thereof) of certain technologies for use in particular vehicles, the widespread availability (or lack thereof) of supporting infrastructure for new technologies, especially for EVs, and the human, engineering and financial resources necessary to deploy new technologies across a wide range of products and powertrains in a short time. There is no assurance that we will be able to produce and sell



vehicles that use such new technologies on a profitable basis or that our customers will purchase such vehicles in the quantities necessary for us to comply with current or future regulatory requirements.

In the current uncertain regulatory framework, compliance costs for which we may be responsible and that are not reasonably estimable could be substantial. Alleged violations of fuel economy or emission standards could result in legal proceedings, the recall of one or more of our products, negotiated remedial actions, fines, restricted product offerings or a combination of any of those items. Any of these actions could have a material adverse effect on our profitability, financial condition and operations, including facility idling, reduced employment, increased costs and loss of revenue.

In addition, many of our advanced technologies, including AVs, present novel issues with which domestic and foreign regulators have only limited experience, and will be subject to evolving regulatory frameworks. Any current or future regulations in these areas could impede the successful commercialization of these technologies and impact whether and how these technologies are designed and integrated into our products, and may ultimately subject us to increased costs and uncertainty.

***We could be materially adversely affected by unusual or significant litigation, governmental investigations or other proceedings.*** We are subject to legal proceedings in the U.S. and elsewhere involving various issues, including product liability lawsuits, warranty litigation, class action litigations alleging product defects, emissions litigation, stockholder litigation, labor and employment litigation and claims and actions arising from restructurings and divestitures of operations and assets. In addition, we are subject to governmental proceedings and investigations. A negative outcome in one or more of these legal proceedings could result in the imposition of damages, including punitive damages, fines, reputational harm, civil lawsuits and criminal penalties, interruptions of business, modification of business practices, equitable remedies and other sanctions against us or our personnel as well as legal and other costs, all of which may be significant. For a further discussion of these matters refer to Note 16 to our consolidated financial statements.

***The costs and effect on our reputation of product safety recalls and alleged defects in products and services could materially adversely affect our business.*** Government safety standards require manufacturers to remedy certain product safety defects through recall campaigns and vehicle repurchases. Under these standards, we could be subject to civil or criminal penalties or may incur various costs, including significant costs for repairs made at no cost to the consumer. The costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. The costs to complete a recall could be exacerbated to the extent that such action relates to a global platform, such as the Chevrolet Bolt EV recall. Concerns about the safety of our products, including advanced technologies like AVs, whether raised internally or by regulators or consumer advocates, and whether or not based on scientific evidence or supported by data, can result in product delays, recalls, field actions, lost sales, governmental investigations, regulatory action, private claims, lawsuits and settlements and reputational damage. These circumstances can also result in damage to brand image, brand equity and consumer trust in our products and ability to lead the disruption occurring in the automotive industry.

We currently source a variety of systems, components, raw materials and parts from third parties. From time to time these items may have performance or quality issues that could harm our reputation and cause us to incur significant costs, particularly if the affected items relate to global platforms or involve defects that are identified years after production. Our ability to recover costs associated with recalls or other campaigns caused by parts or components purchased from suppliers may be limited by the suppliers' financial condition or a number of other reasons or defenses.

***We may incur additional tax expense or become subject to additional tax exposure.*** We are subject to the tax laws and regulations of the U.S. and numerous other jurisdictions in which we do business. Many judgments are required in determining our worldwide provision for income taxes and other tax liabilities, and we are regularly under audit by the U.S. Internal Revenue Service and other tax authorities, which may not agree with our tax positions. In addition, our tax liabilities are subject to other significant risks and uncertainties, including those arising from potential changes in laws and regulations in the countries in which we do business, the possibility of adverse determinations with respect to the application of existing laws, changes in our business or structure and changes in the valuation of our deferred tax assets and liabilities. Any unfavorable resolution of these and other uncertainties may have a significant adverse impact on our tax rate and results of operations. If our tax expense were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected.

### **Risks related to Automotive Financing - GM Financial**

***We rely on GM Financial to provide financial services to our customers and dealers.*** GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations, which in turn could impede its ability to provide leasing and financing to customers and commercial lending to our dealers. Any

reduction in GM Financial's ability to provide such financial services would negatively affect our efforts to support additional sales of our vehicles and expand our market penetration among customers and dealers.

The primary factors that could adversely affect GM Financial's business and operations and reduce its ability to provide financing services at competitive rates include the sufficiency, availability and cost of sources of financing, including credit facilities, securitization programs and secured and unsecured debt issuances; the performance of loans and leases in its portfolio, which could be materially affected by charge-offs, delinquencies and prepayments; wholesale auction values of used vehicles; vehicle return rates and the residual value performance on vehicles GM Financial leases to customers; fluctuations in interest rates and currencies; competition for customers from commercial banks, credit unions and other financing and leasing companies; and changes to regulation, supervision, enforcement and licensing across various jurisdictions.

In addition, GM Financial has certain floating-rate obligations, hedging transactions and floating-rate dealer loans that determine their applicable interest rate or payment amount by reference to the London Interbank Offered Rate (LIBOR). The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. In March 2021, the ICE Benchmark Administration Limited, the administrator of LIBOR, extended the transition dates of certain LIBOR tenors (including all U.S. Dollar LIBOR tenors other than one-week and two-month U.S. Dollar LIBOR tenors) to June 30, 2023, after which LIBOR reference rates will cease to be provided. Despite this deferral, the LIBOR administrator has advised that no new contracts using U.S. Dollar LIBOR should be entered into after December 31, 2021. It is unknown whether any banks will continue to voluntarily submit rates for the calculation of LIBOR, or whether LIBOR will continue to be published by its administrator based on these submissions or on any other basis, after such dates. At this time, it is not possible to predict the effect that these developments or any discontinuance, modification or other reforms may have on LIBOR, other benchmarks or floating-rate debt instruments, including GM Financial's floating-rate debt. Any such discontinuance, modification, alternative reference rates or other reforms may materially adversely affect interest rates on GM Financial's current indebtedness. There is a risk that the discontinuation of LIBOR will impact GM Financial's ability to manage interest rate risk effectively without an adequate replacement.

Further, as an entity operating in the financial services sector, GM Financial is required to comply with a wide variety of laws and regulations that may be costly to adhere to and may affect our consolidated operating results. Compliance with these laws and regulations requires that GM Financial maintain forms, processes, procedures, controls and the infrastructure to support these requirements, and these laws and regulations often create operational constraints both on GM Financial's ability to implement servicing procedures and on pricing. Laws in the financial services industry are designed primarily for the protection of consumers. The failure to comply with these laws could result in significant statutory civil and criminal penalties, monetary damages, attorneys' fees and costs, possible revocation of licenses and damage to reputation, brand and valued customer relationships.

### **Risks related to defined benefit pension plans**

***Our defined benefit pension plans are currently underfunded and our pension funding requirements could increase significantly due to a reduction in funded status as a result of a variety of factors, including weak performance of financial markets, declining interest rates, changes in laws or regulations, or changes in assumptions or investments that do not achieve adequate returns.*** Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies and our potential funding requirements are disclosed in Note 15 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments.

Our future funding requirements for our defined benefit pension plans depend upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in laws and regulations. Future funding requirements generally increase if the discount rate decreases or if actual asset returns are lower than expected asset returns, assuming other factors are held constant. We estimate future contributions to these plans using assumptions with respect to these and other items. Changes to those assumptions could have a significant effect on future contributions.

There are additional risks due to the complexity and magnitude of our investments. Examples include implementation of significant changes in investment policy, insufficient market liquidity in particular asset classes and the inability to quickly rebalance illiquid and long-term investments.

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

\* \* \* \* \*

**Item 1B. Unresolved Staff Comments**

None.

\* \* \* \* \*

**Item 2. Properties**

At December 31, 2021, we had over 100 locations in the U.S. (excluding our automotive financing operations and dealerships), which are primarily for manufacturing, assembly, distribution, warehousing, engineering and testing. We, our subsidiaries or associated companies in which we own an equity interest, own most of these properties and/or lease a portion of these properties. Leased properties are primarily composed of warehouses and administration, engineering and sales offices.

We have manufacturing, assembly, distribution, office or warehousing operations in 29 countries, including equity interests in associated companies, which perform manufacturing, assembly or distribution operations. The major facilities outside the U.S., which are principally vehicle manufacturing and assembly operations, are located in Brazil, Canada, China, Mexico and South Korea.

GM Financial owns or leases facilities for administration and regional credit centers. GM Financial has 37 facilities, of which 24 are located in the U.S. The major facilities outside the U.S. are located in Brazil, Canada, China and Mexico.

\* \* \* \* \*

**Item 3. Legal Proceedings**

The discussion under "Litigation-Related Liability and Tax Administrative Matters" in Note 16 to our consolidated financial statements is incorporated by reference into this Part I - Item 3.

\* \* \* \* \*

**Item 4. Mine Safety Disclosures**

Not applicable.

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**PART II**

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

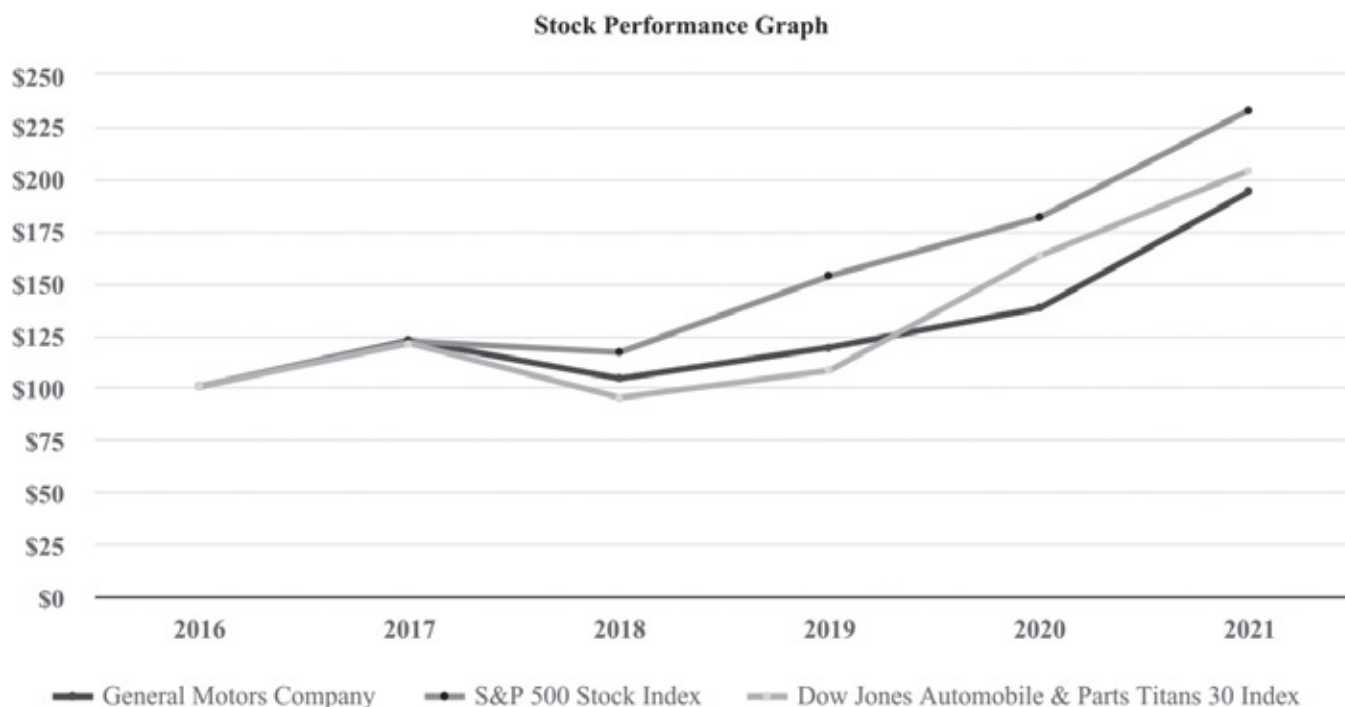
**Market Information** Shares of our common stock are publicly traded on the New York Stock Exchange under the symbol "GM".

**Holders** At January 18, 2022, we had 1.5 billion issued and outstanding shares of common stock held by 475 holders of record.

**Dividends** We do not plan to reinstate a regular common stock dividend at this time as we prioritize investment in our growth strategy.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

**Stock Performance Graph** The following graph compares the performance of our common stock to the Standard & Poor's 500 Stock Index and the Dow Jones Automobile & Parts Titans 30 Index for the last five years. It assumes \$100 was invested on December 31, 2016, with dividends being reinvested.



The following table summarizes stock performance graph data points in dollars:

	Years ended December 31,					
	2016	2017	2018	2019	2020	2021
General Motors Company	\$100	\$123	\$104	\$119	\$138	\$194
S&P 500 Stock Index	\$100	\$122	\$116	\$153	\$181	\$233
Dow Jones Automobile & Parts Titans 30 Index	\$100	\$121	\$95	\$108	\$163	\$204

**Purchases of Equity Securities** The following table summarizes our purchases of common stock in the three months ended December 31, 2021:

	Total Number of Shares Purchased(a)	Weighted 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
October 1, 2021 through October 31, 2021	26,954	\$ 53.13	—	\$3.3 billion
November 1, 2021 through November 30, 2021	—	\$ —	—	\$3.3 billion
December 1, 2021 through December 31, 2021	—	\$ —	—	\$3.3 billion
Total	26,954	\$ 53.13	—	

- (a) Shares purchased consist of 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 (RSUs) relating to compensation plans. In June 2020 our shareholders approved the 2020 Long-Term Incentive Plan (LTIP), which authorizes awards of stock options, stock appreciation rights, RSUs, Performance Stock Units (PSUs) or other stock-based awards to selected employees, consultants, advisors and non-employee Directors of the Company. Refer to Note 22 to our consolidated financial statements for additional details on employee stock incentive plans.
- (b) In January 2017, we announced that our Board of Directors had authorized the purchase of up to an additional \$5.0 billion of our common stock with no expiration date.

\* \* \* \* \*

**Item 6. [Reserved]**

\* \* \* \* \*

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

This MD&A should be read in conjunction with the accompanying audited consolidated financial statements and notes. 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 Part I, Item 1A. Risk Factors for a discussion of these risks and uncertainties. The discussion of our financial condition and results of operations for the year ended December 31, 2019 included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2020 is incorporated by reference into this MD&A.

**Non-GAAP Measures** Our non-GAAP measures include: earnings before interest and taxes (EBIT)-adjusted, presented net of noncontrolling interests; earnings before income taxes (EBT)-adjusted for our GM Financial segment; earnings per share (EPS)-diluted-adjusted; effective tax rate-adjusted (ETR-adjusted); return on invested capital-adjusted (ROIC-adjusted) and 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 certain of 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** EBIT-adjusted is presented net of noncontrolling interests and 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 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. Our corresponding measure for our GM Financial segment is EBT-adjusted because interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

**EPS-diluted-adjusted** EPS-diluted-adjusted is used by management and can be used by investors to review our consolidated diluted EPS results on a consistent basis. EPS-diluted-adjusted is calculated as net income attributable to common stockholders-diluted less adjustments noted above for EBIT-adjusted and 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.

**ETR-adjusted** ETR-adjusted is used by management and can be used by investors to review the consolidated effective tax rate for our core operations on a consistent basis. ETR-adjusted is calculated as Income tax expense less the income tax related to the adjustments noted above for EBIT-adjusted and the income tax adjustments noted above for EPS-diluted-adjusted divided by Income before income taxes less adjustments. When we provide an expected adjusted effective tax rate, we do not provide an expected effective tax rate because the U.S. GAAP measure may include significant adjustments that are difficult to predict.

**ROIC-adjusted** 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 ROIC-adjusted average net assets, which is considered to be the average equity balances adjusted for average automotive debt and interest liabilities,

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

exclusive of finance leases; average automotive net pension and other postretirement benefits (OPEB) liabilities; and average automotive net income tax assets during the same period.

**Adjusted automotive free cash flow** 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 program and evaluate our automotive liquidity against the substantial cash requirements of our automotive operations. We measure adjusted automotive free cash flow as automotive operating cash flow from operations less capital expenditures adjusted for management actions. Management actions can include voluntary events such as discretionary contributions to employee benefit plans or nonrecurring specific events such as a closure of a facility that are considered special for EBIT-adjusted purposes. Refer to the “Liquidity and Capital Resources” section of this MD&A for additional information.

The following table reconciles Net income attributable to stockholders under U.S. GAAP to EBIT-adjusted:

	Years Ended December 31,		
	2021	2020	2019
Net income attributable to stockholders	\$ 10,019	\$ 6,427	\$ 6,732
Income tax expense	2,771	1,774	769
Automotive interest expense	950	1,098	782
Automotive interest income	(146)	(241)	(429)
Adjustments			
Patent royalty matters(a)	250	—	—
GM Brazil indirect tax matters(b)	194	—	(1,360)
Cadillac dealer strategy(c)	175	99	—
GM Korea wage litigation(d)	82	—	—
GMI restructuring(e)	—	683	—
Ignition switch recall and related legal matters(f)	—	(130)	—
Transformation activities(g)	—	—	1,735
FAW-GM divestiture(h)	—	—	164
Total adjustments	701	652	539
EBIT-adjusted	<u>\$ 14,295</u>	<u>\$ 9,710</u>	<u>\$ 8,393</u>

- (a) This adjustment was excluded because it relates to potential royalties accrued with respect to past-year sales.
- (b) These adjustments were excluded because of the unique events associated with decisions rendered by the Superior Judicial Court of Brazil resulting in retrospective recoveries of indirect taxes in the year ended December 31, 2019, and a potential settlement with certain third parties relating to these recoveries in the year ended December 31, 2021.
- (c) These adjustments were excluded because they relate to strategic activities to transition certain Cadillac dealers from the network as part of Cadillac's electric vehicle strategy.
- (d) This adjustment was excluded because of the unique events associated with recent Supreme Court of the Republic of Korea (Korea Supreme Court) decisions related to our salaried workers.
- (e) These adjustments were excluded because of a strategic decision to rationalize our core operations by exiting or significantly reducing our presence in various international markets to focus resources on opportunities expected to deliver higher returns. The adjustments primarily consist of dealer restructurings, asset impairments, inventory provisions and employee separation charges in Australia, New Zealand, Thailand and India in the year ended December 31, 2020.
- (f) These adjustments were excluded because of the unique events associated with the ignition switch recall, which included various investigations, inquiries and complaints from constituents.
- (g) These adjustments were excluded because of a strategic decision to accelerate our transformation for the future to strengthen our core business, capitalize on the future of personal mobility, and drive significant cost efficiencies. The adjustments primarily consist of accelerated depreciation, supplier-related charges, pension and other curtailment charges and employee-related separation charges in the year ended December 31, 2019.
- (h) This adjustment was excluded because we divested our joint venture FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM), as a result of a strategic decision by both shareholders, allowing us to focus our resources on opportunities expected to deliver higher returns.



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

	Years Ended December 31,					
	2021		2020		2019	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Diluted earnings per common share	\$ 9,837	\$ 6.70	\$ 6,247	\$ 4.33	\$ 6,581	\$ 4.57
Adjustments(a)	701	0.47	652	0.46	539	0.38
Tax effect on adjustments(b)	(105)	(0.07)	(70)	(0.05)	(188)	(0.13)
Tax adjustments(c)	(51)	(0.03)	236	0.16	—	—
EPS-diluted-adjusted	<u>\$ 10,382</u>	<u>\$ 7.07</u>	<u>\$ 7,065</u>	<u>\$ 4.90</u>	<u>\$ 6,932</u>	<u>\$ 4.82</u>

- (a) Refer to the reconciliation of Net income attributable to stockholders under U.S. GAAP to EBIT-adjusted within this section of the MD&A for adjustment details.
- (b) The tax effect of each adjustment is determined based on the tax laws and valuation allowance status of the jurisdiction to which the adjustment relates.
- (c) In the year ended December 31, 2021, the adjustments consist of tax benefits related to a deduction for an investment in a subsidiary and resolution of uncertainty relating to an indirect tax refund claim in Brazil, partially offset by tax expense related to the establishment of a valuation allowance against Cruise deferred tax assets. In the year ended December 31, 2020, the adjustment consists of tax expense related to the establishment of a valuation allowance against deferred tax assets in Australia and New Zealand. These adjustments were excluded because of the unique nature of these events and significant impacts of valuation allowances are not considered part of our core operations.

The following table reconciles our effective tax rate under U.S. GAAP to ETR-adjusted:

	Years Ended December 31,								
	2021			2020			2019		
	Income before income taxes	Income tax expense	Effective tax rate	Income before income taxes	Income tax expense	Effective tax rate	Income before income taxes	Income tax expense	Effective tax rate
Effective tax rate	\$ 12,716	\$ 2,771	21.8 %	\$ 8,095	\$ 1,774	21.9 %	\$ 7,436	\$ 769	10.3 %
Adjustments(a)	726	105		652	70		545	188	
Tax adjustments(b)		51			(236)			—	
ETR-adjusted	<u>\$ 13,442</u>	<u>\$ 2,927</u>	21.8 %	<u>\$ 8,747</u>	<u>\$ 1,608</u>	18.4 %	<u>\$ 7,981</u>	<u>\$ 957</u>	12.0 %

- (a) Refer to the reconciliation of Net income attributable to stockholders under U.S. GAAP to EBIT-adjusted within this section of the MD&A for adjustment details. Net income attributable to noncontrolling interests for these adjustments is included in the years ended December 31, 2021 and 2019. The tax effect of each adjustment is determined based on the tax laws and valuation allowance status of the jurisdiction to which the adjustment relates.
- (b) Refer to the reconciliation of diluted earnings per common share under U.S. GAAP to EPS-diluted-adjusted within this section of the MD&A for adjustment details.

We define return on equity (ROE) as Net income (loss) attributable to stockholders for the trailing four quarters divided by average equity for the same period. Management uses average equity to provide comparable amounts in the calculation of ROE. The following table summarizes the calculation of ROE (dollars in billions):

	Years Ended December 31,		
	2021	2020	2019
Net income (loss) attributable to stockholders	\$ 10.0	\$ 6.4	\$ 6.7
Average equity(a)	\$ 56.5	\$ 43.3	\$ 43.7
ROE	17.7 %	14.9 %	15.4 %

- (a) Includes equity of noncontrolling interests where the corresponding earnings (loss) are included in Net income (loss) attributable to stockholders.

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

	Years Ended December 31,		
	2021	2020	2019
EBIT-adjusted(a)	\$ 14.3	\$ 9.7	\$ 8.4
Average equity(b)	\$ 56.5	\$ 43.3	\$ 43.7
Add: Average automotive debt and interest liabilities (excluding finance leases)	17.1	27.8	14.9
Add: Average automotive net pension & OPEB liability	15.8	17.6	16.7
Less: Average automotive net income tax asset	(22.2)	(24.0)	(23.5)
ROIC-adjusted average net assets	<u>\$ 67.2</u>	<u>\$ 64.7</u>	<u>\$ 51.8</u>
ROIC-adjusted	21.3 %	15.0 %	16.2 %

(a) Refer to the reconciliation of Net income attributable to stockholders under U.S. GAAP to EBIT-adjusted within this section of the MD&A.

(b) Includes equity of noncontrolling interests where the corresponding earnings (loss) are included in EBIT-adjusted.

**Overview** Our vision for the future is a world with zero crashes, zero emissions and zero congestion, which guides our growth-focused strategy to invest in EVs and AVs, software-enabled services and subscriptions and new business opportunities, while strengthening our market position in profitable ICE vehicles, such as trucks and SUVs. We will execute our strategy with a diverse team and a steadfast commitment to good citizenship through sustainable operations and a leading health and safety culture.

The automotive industry and GM are currently experiencing a global semiconductor supply shortage. The supply shortage has impacted, and continues to impact, multiple suppliers that incorporate semiconductors into the parts they supply to us. We expect the availability of semiconductors to improve throughout 2022. We will continue prioritizing our most popular and in-demand vehicles, including our full-size trucks, full-size SUVs, and EVs. We do not expect this shortage to impact our long-term growth and EV initiatives. In June 2021, we announced plans to increase our investment in EVs and AVs to more than \$35.0 billion from 2020 through 2025, in part to accelerate battery and EV assembly capacity.

We also continue to monitor the impact of the COVID-19 pandemic, and government actions and measures taken to prevent its spread, and the potential to affect our operations. Refer to Part I, Item 1A. Risk Factors for further discussion of these risks.

For the year ending December 31, 2022, we expect EPS-diluted and EPS-diluted-adjusted of between \$6.25 and \$7.25, Net income attributable to stockholders of between \$9.4 billion and \$10.8 billion and EBIT-adjusted of between \$13.0 billion and \$15.0 billion. We do not consider the potential impact of future adjustments on our expected financial results.

The following table reconciles expected Net income attributable to stockholders under U.S. GAAP to expected EBIT-adjusted (dollars in billions):

	Year Ending December 31, 2022
Net income attributable to stockholders	\$ 9.4-10.8
Income tax expense	2.8-3.4
Automotive interest expense, net	0.8
EBIT-adjusted(a)	<u>\$ 13.0-15.0</u>

(a) We do not consider the potential future impact of adjustments on our expected financial results.

We also face continuing market, operating and regulatory challenges in several countries across the globe due to, among other factors, weak economic conditions, competitive pressures, limitations in our product portfolio offerings, heightened emission standards, labor disruptions, foreign exchange volatility, rising material and services prices driven by inflationary pressures, evolving trade policy and political uncertainty. Refer to Part I, Item 1A. Risk Factors for a discussion of these challenges.

As we continue to assess our performance and the needs of our evolving business, additional restructuring and rationalization actions could be required. These actions could give rise to future asset impairments or other charges, which may have a material impact on our operating results.

**GMNA** Industry sales in North America were 18.5 million units in the year ended December 31, 2021, representing an increase of 4.3% compared to the corresponding period in 2020. U.S. industry sales were 15.4 million units in the year ended



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December 31, 2021, representing an increase of 3.3% compared to the corresponding period in 2020. The COVID-19 pandemic originally resulted in a contraction of total North America industry volumes in 2020 that continued into 2021. Dealer inventory remains constrained for several critical vehicles, including our full-size trucks and full-size SUVs.

Our total vehicle sales in the U.S., our largest market in North America, were 2.2 million units for a market share of 14.4% in the year ended December 31, 2021, representing a decrease of 2.7 percentage points compared to the corresponding period in 2020.

We expect to sustain relatively strong EBIT-adjusted margins in 2022 on the continued strength of favorable vehicle pricing and strong U.S. industry light vehicle demand, partially offset by higher costs associated with commodities, raw materials and logistics. Our outlook is dependent on the pricing environment, continuing improvement of the semiconductor supply shortage and overall economic conditions. As a result of the semiconductor supply shortage, we experienced interruptions to our planned production schedules and temporarily suspended certain manufacturing sites to prioritize production of our most popular and in-demand products, including our full-size trucks and full-size SUVs. Additionally, we have been manufacturing vehicles, without the impacted components, representing an inventory carrying value of approximately \$0.6 billion at December 31, 2021. We expect to hold these vehicles in our inventory until they are completed and sold to our dealers, which we expect to happen in the six months ending June 30, 2022.

**GMI** Industry sales in China were 25.9 million units in the year ended December 31, 2021, representing an increase of 3.8% compared to the corresponding period in 2020, which was adversely impacted by the COVID-19 pandemic. Our total vehicle sales in China were 2.9 million units resulting in a market share of 11.2% in the year ended December 31, 2021, representing a decrease of 0.5 percentage points compared to the corresponding period in 2020. The ongoing global semiconductor supply shortage, macro-economic impact of COVID-19 and geopolitical tensions continue to place pressure on China's automotive industry and our vehicle sales in China. Our Automotive China JVs generated equity income of \$1.1 billion in the year ended December 31, 2021. Although price competition, higher costs associated with commodities and raw materials, and a more challenging regulatory environment related to emissions, fuel consumption and NEV requirements will place pressure on our operations in China, we will continue to build upon our strong brands, network, and partnerships in China as well as drive improvements in vehicle mix and cost.

Outside of China, industry sales were 23.0 million units in the year ended December 31, 2021, representing an increase of 8.2% compared to the corresponding period in 2020. Our total vehicle sales outside of China were 0.8 million units for a market share of 3.6% in the year ended December 31, 2021, representing a decrease of 1.1 percentage points compared to the corresponding period in 2020.

**Cruise** Cruise is actively testing AVs in the United States. Gated by safety and regulation, the goal of Cruise is to deliver its self-driving services as soon as possible.

In the year ended December 31, 2021, Cruise Holdings issued Class G Preferred Shares (Cruise Class G Preferred Shares) in exchange for \$2.7 billion from Microsoft Corporation (Microsoft), Walmart Inc. (Walmart) and other investors, including \$1.0 billion from General Motors Holdings LLC. All proceeds related to the Cruise Class G Preferred Shares are designated exclusively for working capital and general corporate purposes of Cruise Holdings. In addition, Cruise Holdings and Microsoft entered into a long-term strategic relationship to accelerate the commercialization of self-driving vehicles. Refer to Note 20 to our consolidated financial statements for further details.

**Automotive Financing - GM Financial Summary and Outlook** 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. GM Financial's leasing program is exposed to residual values, which are heavily dependent on used vehicle prices. Used vehicle prices were higher in 2021 compared to 2020 levels, primarily due to low new vehicle inventory. In 2022, we expect used vehicle prices may decrease relative to 2021 levels, but to remain above pre-pandemic levels, primarily due to sustained low new vehicle inventory. The increase in used vehicle prices resulted in gains on terminations of leased vehicles of \$2.0 billion in GM Financial interest, operating and other expenses for the year ended December 31, 2021, and \$1.3 billion in the corresponding period in 2020. The following table summarizes the estimated residual value based on GM

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Financial's most recent estimates and the number of units included in GM Financial Equipment on operating leases, net by vehicle type (units in thousands):

	December 31, 2021			December 31, 2020		
	Residual Value	Units	Percentage	Residual Value	Units	Percentage
Crossovers	\$ 16,696	897	67.3 %	\$ 16,334	964	65.5 %
Trucks	7,886	264	19.8 %	7,455	275	18.7 %
SUVs	3,104	80	5.9 %	3,435	92	6.3 %
Cars	1,430	93	7.0 %	1,949	140	9.5 %
Total	\$ 29,116	1,334	100.0 %	\$ 29,173	1,471	100.0 %

GM Financial's penetration of our retail sales in the U.S. was 44% in the year ended December 31, 2021 and 45% in the corresponding period in 2020. Penetration levels vary depending on incentive financing programs available and competing third-party financing products in the market. GM Financial's prime loan originations as a percentage of total loan originations in North America was 73% in the year ended December 31, 2021 and 2020. In the year ended December 31, 2021, GM Financial's revenue consisted of leased vehicle income of 67%, retail finance charge income of 29% and commercial finance charge income of 2%.

**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 primarily includes: (1) material and freight; (2) manufacturing, engineering, advertising, administrative and selling and warranty expense; and (3) non-vehicle related activity. Other primarily includes 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*

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2021	2020			Volume	Mix	Price	Other
	(Dollars in billions)							
GMNA	\$ 101,308	\$ 96,733	\$ 4,575	4.7 %	\$ (14.5)	\$ 10.8	\$ 6.2	\$ 2.1
GMI	12,172	11,586	586	5.1 %	\$ (1.6)	\$ 1.3	\$ 0.9	\$ 0.1
Corporate	104	350	(246)	(70.3)%		\$ —		\$ (0.3)
Automotive	113,584	108,669	4,915	4.5 %	\$ (16.1)	\$ 12.0	\$ 7.0	\$ 2.0
Cruise	106	103	3	2.9 %				\$ —
GM Financial	13,419	13,831	(412)	(3.0)%				\$ (0.4)
Eliminations/reclassifications	(105)	(118)	13	11.0 %		\$ —		\$ —
Total net sales and revenue	\$ 127,004	\$ 122,485	\$ 4,519	3.7 %	\$ (16.1)	\$ 12.0	\$ 7.0	\$ 1.6

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

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### *Automotive and Other Cost of Sales*

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2021	2020			Volume	Mix	Cost	Other	
	(Dollars in billions)								
GMNA	\$ 87,419	\$ 83,886	\$ (3,533)	(4.2)%	\$ 10.0	\$ (4.6)	\$ (8.5)	\$ (0.4)	
GMI	11,802	12,515	713	5.7 %	\$ 1.4	\$ (0.5)	\$ (0.3)	\$ 0.2	
Corporate	200	310	110	35.5 %		\$ —	\$ 0.1	\$ —	
Cruise	1,124	829	(295)	(35.6)%			\$ (0.3)		
Eliminations	(1)	(1)	—	— %					
Total automotive and other cost of sales	\$ 100,544	\$ 97,539	\$ (3,005)	(3.1)%	\$ 11.3	\$ (5.1)	\$ (9.0)	\$ (0.2)	

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

Factors that most significantly influence a region's profitability are industry volume, market share, and the relative mix of vehicles (trucks, crossovers, cars) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense and warranty and recall-related costs. Vehicles with higher selling prices generally have higher variable profit. Refer to the regional sections of this MD&A for additional information on volume and mix.

In the year ended December 31, 2021, unfavorable Cost was primarily due to: (1) increased material and freight costs of \$4.0 billion; (2) increased engineering costs of \$2.0 billion primarily related to accelerating our electric vehicle portfolio and the non-recurrence of austerity measures implemented in 2020 due to the COVID-19 pandemic; (3) increased manufacturing costs of \$1.4 billion primarily related to the suspension of production and the non-recurrence of austerity measures implemented in 2020 due to the COVID-19 pandemic; (4) increased costs of \$1.1 billion primarily related to parts and accessories; (5) increased other employee related costs of \$0.7 billion; (6) charges of \$0.3 billion related to potential royalties accrued with respect to past sales; partially offset by (7) charges of \$0.7 billion primarily related to dealer restructuring charges, property and intangible asset impairments, inventory provisions and employee separation charges in Australia, New Zealand, Thailand and India in 2020; and (8) a decrease in campaign and other warranty-related costs of \$0.2 billion, which includes Chevrolet Bolt recall costs of \$2.0 billion and associated recoveries of \$1.9 billion. In the year ended December 31, 2021, unfavorable Other was due to the foreign currency effect resulting from the strengthening of the Canadian Dollar and other currencies against the U.S. Dollar, partially offset by the weakening of the Brazilian Real and other currencies against the U.S. Dollar.

### *Automotive and Other Selling, General and Administrative Expense*

	Years Ended December 31,			Year Ended 2021 vs. 2020 Change	
	2021	2020	2019	Favorable/ (Unfavorable)	%
Automotive and other selling, general and administrative expense	\$ 8,554	\$ 7,038	\$ 8,491	\$ (1,516)	(21.5)%

In the year ended December 31, 2021, Automotive and other selling, general and administrative expense increased primarily due to increased advertising, administrative and other costs of \$1.2 billion primarily related to the suspension of production and the non-recurrence of austerity measures implemented in 2020 due to the COVID-19 pandemic.

### *Interest Income and Other Non-operating Income, net*

	Years Ended December 31,			Year Ended 2021 vs. 2020 Change	
	2021	2020	2019	Favorable/ (Unfavorable)	%
Interest income and other non-operating income, net	\$ 3,041	\$ 1,885	\$ 1,469	\$ 1,156	61.3 %

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In the year ended December 31, 2021, Interest income and other non-operating income, net increased primarily due to an increase in non-service pension income of \$0.8 billion and an increase in gains related to Stellantis N.V. (Stellantis) warrants of \$0.2 billion.

### *Income Tax Expense*

	Years Ended December 31,			Year Ended 2021 vs. 2020 Change	
	2021	2020	2019	Favorable/ (Unfavorable)	%
Income tax expense	\$ 2,771	\$ 1,774	\$ 769	\$ (997)	(56.2)%

In the year ended December 31, 2021, Income tax expense increased primarily due to an increase in pre-tax income, partially offset by tax benefit related to a deduction for an investment in a subsidiary.

For the year ended December 31, 2021 our ETR-adjusted was 21.8%. We expect our adjusted effective tax rate to be between 22% and 24% for the year ending December 31, 2022.

Refer to Note 17 to our consolidated financial statements for additional information related to Income tax expense.

### **GM North America**

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2021	2020			Volume	Mix	Price	Cost	Other
(Dollars in billions)									
Total net sales and revenue	\$101,308	\$ 96,733	\$ 4,575	4.7 %	\$(14.5)	\$ 10.8	\$ 6.2		\$ 2.1
EBIT-adjusted	\$ 10,318	\$ 9,071	\$ 1,247	13.7 %	\$ (4.5)	\$ 6.2	\$ 6.2	\$ (7.1)	\$ 0.5
EBIT-adjusted margin	10.2 %	9.4 %	0.8 %						
(Vehicles in thousands)									
Wholesale vehicle sales	2,308	2,707	(399)	(14.7)%					

**GMNA Total Net Sales and Revenue** In the year ended December 31, 2021, Total net sales and revenue increased primarily due to: (1) favorable mix associated with decreased sales of crossover vehicles and passenger cars and increased sales of full-size SUVs and full-size pickup trucks, as a result of prioritizing semiconductor chips for our most popular and in-demand vehicles; (2) favorable price primarily due to lower incentives as a result of low dealer inventory levels and the launch of our full-size SUVs; and (3) favorable Other due to increased sales of parts and accessories and the foreign currency effect resulting from the strengthening of the Canadian Dollar and the Mexican Peso against the U.S. Dollar; partially offset by (4) decreased net wholesale volumes due to a decrease in sales of crossover vehicles and passenger cars, partially offset by increased sales of full-size SUVs and full-size pickup trucks. The impact on production in 2021 due to the ongoing semiconductor supply shortage exceeded the impact of production suspensions in 2020 due to the COVID-19 pandemic.

**GMNA EBIT-Adjusted** The most significant factors that influence profitability are industry volume and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles sold. Trucks, crossovers and cars sold currently have a variable profit of approximately 140%, 40% and 40% of our GMNA portfolio on a weighted-average basis.

In the year ended December 31, 2021, EBIT-adjusted increased primarily due to: (1) favorable mix; (2) favorable price; and (3) favorable Other due to the foreign currency effect resulting from the strengthening of the Canadian Dollar against the U.S. Dollar and favorable revaluation of investments; partially offset by (4) unfavorable Cost due to increased material and freight cost of \$3.6 billion, increased engineering cost of \$1.6 billion including the impact of accelerating our electric vehicle portfolio, increased manufacturing and advertising costs of \$1.9 billion primarily related to the suspension of production and the non-recurrence of austerity measures implemented in 2020 due to the COVID-19 pandemic, and increased other employee related costs, partially offset by increased non-service pension income and a decrease in campaigns and other warranty-related costs, and (5) decreased net wholesale volumes.

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## GM International

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2021	2020			Volume	Mix	Price	Cost	Other
(Dollars in billions)									
Total net sales and revenue	\$ 12,172	\$ 11,586	\$ 586	5.1 %	\$ (1.6)	\$ 1.3	\$ 0.9		\$ 0.1
EBIT (loss)-adjusted	\$ 827	\$ (528)	\$ 1,355	n.m.	\$ (0.3)	\$ 0.7	\$ 0.8	\$ (0.4)	\$ 0.5
EBIT (loss)-adjusted margin	6.8 %	(4.6)%	11.4 %						
Equity income — Automotive China	\$ 1,098	\$ 512	\$ 586	n.m.					
EBIT (loss)-adjusted — excluding Equity income	\$ (271)	\$ (1,040)	\$ 769	73.9 %					
(Vehicles in thousands)									
Wholesale vehicle sales	551	663	(112)	(16.9)%					

n.m. = not meaningful

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

**GMI Total Net Sales and Revenue** In the year ended December 31, 2021, Total net sales and revenue increased primarily due to: (1) favorable mix in South America, Asia/Pacific and the Middle East; (2) favorable pricing across multiple vehicle lines in South America; and (3) favorable Other primarily due to increased components, parts and accessories sales, partially offset by the foreign currency effects resulting from the weakening of various currencies against the U.S. dollar; partially offset by (4) decreased wholesale volumes primarily due to the semiconductor supply shortage and the wind-down of our vehicle sales operations in Australia, New Zealand and Thailand.

**GMI EBIT (loss)-Adjusted** In the year ended December 31, 2021, EBIT-adjusted increased primarily due to: (1) favorable price; (2) favorable mix; and (3) favorable Other primarily due to increased equity income; partially offset by (4) unfavorable Cost primarily due to increased material costs; and (5) decreased wholesale volumes.

We view the Chinese market as important to our global growth strategy and are employing a multi-brand strategy. In the coming years we plan to 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. We operate in the Chinese market through a number of joint ventures and maintaining strong relationships with our joint venture partners is an important part of our China growth strategy.

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

	Years Ended December 31,		
	2021	2020	2019
Wholesale vehicle sales including vehicles exported to markets outside of China	3,007	3,029	3,244
Total net sales and revenue	\$ 42,776	\$ 38,736	\$ 39,123
Net income	\$ 2,109	\$ 1,239	\$ 2,258

	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 10,254	\$ 8,980
Debt	\$ 374	\$ 313

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### Cruise

	Years Ended December 31,			2021 vs. 2020 Change	
	2021	2020	2019	Favorable/ (Unfavorable)	%
Total net sales and revenue(a)	\$ 106	\$ 103	\$ 100	\$ 3	2.9 %
EBIT (loss)-adjusted	\$ (1,196)	\$ (887)	\$ (1,004)	\$ (309)	(34.8)%

(a) Primarily reclassified to Interest income and other non-operating income, net in our consolidated income statement in each of the years ended December 31, 2021, 2020 and 2019.

**Cruise EBIT (Loss)-Adjusted** In the year ended December 31, 2021, EBIT (loss)-adjusted increased primarily due to an increase in developmental costs as we progress towards the commercialization of a network of on-demand AVs in the U.S.

### GM Financial

	Years Ended December 31,			2021 vs. 2020 Change	
	2021	2020	2019	Amount	%
Total revenue	\$13,419	\$ 13,831	\$ 14,554	\$ (412)	(3.0)%
Provision for loan losses	\$ 248	\$ 881	\$ 726	\$ (633)	(71.9)%
EBT-adjusted	\$ 5,036	\$ 2,702	\$ 2,104	\$ 2,334	86.4 %
Average debt outstanding (dollars in billions)	\$ 94.1	\$ 91.4	\$ 91.2	\$ 2.7	3.0 %
Effective rate of interest paid	2.7 %	3.3 %	4.0 %	(0.6)%	

**GM Financial Revenue** In the year ended December 31, 2021, Total revenue decreased primarily due to decreased leased vehicle income of \$0.5 billion, primarily due to a decrease in the size of the leased vehicles portfolio; partially offset by increased finance charge income of \$0.1 billion, primarily due to growth in the retail finance receivables portfolio, partially offset by a decrease in the effective yield and a decrease in the size of the commercial finance receivables portfolio.

**GM Financial EBT-Adjusted** In the year ended December 31, 2021, EBT-adjusted increased primarily due to: (1) increased leased vehicle income net of leased vehicle expenses of \$1.2 billion primarily due to decreased depreciation on leased vehicles resulting from increased residual value estimates and a decrease in the size of the portfolio, as well as increased lease termination gains; (2) decreased provision for loan losses of \$0.6 billion primarily due to a reduction in the reserve levels established at the onset of the COVID-19 pandemic as a result of actual credit performance that was better than forecasted and favorable expectations for future charge-offs and recoveries, reflecting improved economic conditions, partially offset by reserves established for loans originated during the year ended December 31, 2021; (3) decreased interest expense of \$0.5 billion due to decreased credit spreads on GM Financial debt, partially offset by an increase in the average debt outstanding; partially offset by (4) increased operating expenses of \$0.2 billion in 2021. GM Financial interest, operating and other expenses includes a \$0.1 billion loss on extinguishment of debt.

**Liquidity and Capital Resources** We believe our current levels of cash, cash equivalents, marketable debt securities, available borrowing capacity under our revolving credit facilities and other liquidity actions currently available to us are sufficient to meet our liquidity requirements. We also maintain access to the capital markets and may issue debt or equity securities, which may provide an additional source of liquidity. We have substantial cash requirements going forward, which we plan to fund through our total available liquidity, cash flows from operating activities and additional liquidity measures, if determined to be necessary.



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The following summarizes aggregated information about our material short and long-term cash requirements from our known contractual and other obligations (dollars in millions):

	Payments Due by Period				
	2022	2023-2024	2025-2026	2027 and after	Total
Automotive debt	\$ 334	\$ 2,772	\$ 2,571	\$ 11,228	\$ 16,905
Automotive Financing debt	33,333	33,594	14,739	10,871	92,537
Automotive interest payments(a)	945	1,687	1,389	7,790	11,811
Automotive Financing interest payments(b)	1,864	2,258	915	575	5,612
Operating lease obligations	262	482	355	490	1,589
Material	1,848	632	3	—	2,484
Other contractual obligations(c)	1,706	1,743	102	3,655	7,207

- (a) Amounts include automotive interest payments based on contractual terms and current interest rates on our debt and finance lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2021.
- (b) GM Financial interest payments were determined using the interest rate in effect at December 31, 2021 for floating rate debt and the contractual rates for fixed rate debt. GM Financial interest payments on floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.
- (c) Primarily consists of information technology and other contractual services.

Our known current material uses of cash include, among other possible demands: (1) capital spending and our investments in Ultium Cells LLC, our battery joint venture, of approximately \$9.0 billion to \$10.0 billion annually over the medium term in addition to payments for engineering and product development activities; (2) payments associated with previously announced vehicle recalls and any other recall-related contingencies; and (3) payments to service debt and other long-term obligations, including discretionary and mandatory contributions to our pension plans. Our material future uses of cash, which may vary from time to time based on market conditions and other factors, are focused on the three objectives of our capital allocation program: (1) grow our business at an average target ROIC-adjusted rate of 20% or greater; (2) maintain a strong investment-grade balance sheet, including a target average automotive cash balance of \$18 billion; and (3) after the first two objectives are met, return available cash to shareholders. Our senior management evaluates our capital allocation program on an ongoing basis and recommends any modifications to the program to our Board of Directors, not less than once annually.

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 Part I, Item 1A. Risk Factors, 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 a strong investment-grade balance sheet. These actions may include opportunistic payments to reduce our long-term obligations, as well as the possibility of acquisitions, dispositions and investments with joint venture partners as well as strategic alliances that we believe would generate significant advantages and substantially strengthen our business.

In January 2017, we announced that our Board of Directors had authorized the purchase of up to \$5.0 billion of our common stock with no expiration date, as part of our common stock repurchase program. We have completed \$1.7 billion of the \$5.0 billion program through December 31, 2021.

Cash flows that occur amongst our Automotive, Cruise and GM Financial operations are eliminated when we consolidate our cash flows. Such eliminations include, among other things, collections by Automotive on wholesale accounts receivables financed by dealers through GM Financial, payments between Automotive and GM Financial for accounts receivables transferred by Automotive to GM Financial, loans to Automotive from GM Financial, dividends issued by GM Financial to Automotive, tax payments by GM Financial to Automotive and Automotive cash injections in Cruise. The presentation of Automotive liquidity, Cruise liquidity and GM Financial liquidity presented below includes the impact of cash transactions amongst the sectors that are ultimately eliminated in consolidation.

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

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Over 90% of our cash and marketable debt securities were managed within North America and at our regional

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treasury centers at December 31, 2021. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable debt securities balances are primarily denominated in U.S. Dollars and include investments in U.S. government and agency obligations, foreign government securities, time deposits, corporate debt securities and mortgage and asset-backed securities. Our investment guidelines, which we may change from time to time, prescribe certain minimum credit worthiness thresholds and limit our exposures to any particular sector, asset class, issuance or security type. The majority of our current investments in debt securities are with A/A2 or better rated issuers.

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. At December 31, 2020, the total size of our credit facilities was \$18.5 billion, which consisted principally of four revolving credit facilities. In April 2021, we increased the total borrowing capacity of our five-year, \$10.5 billion facility to \$11.2 billion and extended the termination date for a \$9.9 billion portion of the five-year facility by three years, now set to mature on April 18, 2026. The termination date of April 18, 2023 for the remaining portion of the five-year facility remains unchanged. We also renewed and increased the total borrowing capacity of our three-year, \$4.0 billion facility to \$4.3 billion, which now matures on April 7, 2024, and renewed our 364-day, \$2.0 billion facility allocated for exclusive use by GM Financial, which now matures on April 6, 2022. We also terminated a separate 364-day, \$2.0 billion revolving credit facility, entered into in May 2020. Additionally, the prior restrictions on share repurchases and dividends on our common shares were removed upon entrance into the renewed three-year, \$4.3 billion facility. In December 2021, we terminated our three-year, \$2.0 billion transformation credit facility. At December 31, 2021, the total size of our credit facilities was \$15.5 billion, which consisted primarily of two credit facilities.

If available capacity permits, GM Financial has access to our revolving credit facilities. GM Financial did not have borrowings outstanding against our revolving credit facilities at December 31, 2021 or 2020. Refer to Note 13 to our consolidated financial statements for additional information on credit facilities. We had intercompany loans from GM Financial of \$0.2 billion and \$0.4 billion at December 31, 2021 and 2020, which primarily consisted of commercial loans to dealers we consolidate, and we had no intercompany loans to GM Financial. Refer to Note 5 of our consolidated financial statements for additional information.

Several of our loan facilities, including our revolving credit facilities, require compliance with certain financial and operational covenants as well as regular reporting to lenders. We have reviewed our covenants in effect as of December 31, 2021 and determined we are in compliance and expect to remain in compliance in the future.

GM Financial's Board of Directors declared and paid dividends of \$3.5 billion, \$0.8 billion, and \$0.4 billion on its common stock in 2021, 2020, and 2019. Current dividend levels are reflective of GM Financial earnings supported by strong residual values, favorable credit performance and improved economic conditions. Future dividends from GM Financial will depend on several factors including business and economic conditions, its financial condition, earnings, liquidity requirements and leverage ratio.

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

	December 31, 2021	December 31, 2020
Automotive cash and cash equivalents	\$ 14.5	\$ 14.2
Marketable debt securities	7.1	8.1
Automotive cash, cash equivalents and marketable debt securities	21.6	22.3
Available under credit facilities(a)	15.2	18.2
Total Automotive available liquidity	\$ 36.8	\$ 40.5

(a) We had letters of credit outstanding under our sub-facility of \$0.3 billion at December 31, 2021 and 2020.



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

	Year Ended December 31, 2021
Operating cash flow	\$ 9.7
Capital expenditures	(7.4)
GM investment in Cruise	(1.0)
Investment in Ultium Cells LLC	(0.5)
Repayment of senior unsecured notes	(0.5)
Decrease in available credit facilities	(3.0)
Other non-operating	(1.0)
Total change in automotive available liquidity	<u>\$ (3.7)</u>

*Automotive Cash Flow (Dollars in billions)*

	Years Ended December 31,			2021 vs. 2020 Change
	2021	2020	2019	
<b>Operating Activities</b>				
Net income	\$ 7.8	\$ 5.0	\$ 5.8	\$ 2.8
Depreciation, amortization and impairment charges	5.9	5.5	6.7	0.4
Pension and OPEB activities	(2.4)	(1.6)	(1.5)	(0.8)
Working capital	(4.0)	(1.7)	(2.2)	(2.3)
Accrued and other liabilities and income taxes	0.9	(1.4)	(1.5)	2.3
Other	1.5	1.7	0.1	(0.2)
Net automotive cash provided by operating activities	<u>\$ 9.7</u>	<u>\$ 7.5</u>	<u>\$ 7.4</u>	<u>\$ 2.2</u>

In the year ended December 31, 2021, the increase in Net automotive cash provided by operating activities was primarily due to: (1) higher dividends received from GM Financial of \$2.7 billion; (2) favorable pre-tax earnings of \$2.6 billion; partially offset by (3) unfavorable working capital; and (4) several other insignificant items.

	Years Ended December 31,			2021 vs. 2020 Change
	2021	2020	2019	
<b>Investing Activities</b>				
Capital expenditures	\$ (7.4)	\$ (5.3)	\$ (7.5)	\$ (2.1)
Acquisitions and liquidations of marketable securities, net(a)	1.0	(3.6)	2.4	4.6
GM investment in Cruise	(1.0)	—	(0.7)	(1.0)
Investment in Ultium Cells LLC	(0.5)	—	—	(0.5)
Other	(0.3)	0.1	0.2	(0.4)
Net automotive cash used in investing activities	<u>\$ (8.2)</u>	<u>\$ (8.8)</u>	<u>\$ (5.6)</u>	<u>\$ 0.6</u>

(a) Amount includes \$0.6 billion and \$0.3 billion of proceeds from the sale of our shares in Lyft, Inc. in the year ended December 31, 2020 and 2019.

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In the year ended December 31, 2021, cash provided by acquisitions and liquidations of marketable securities, net increased due to liquidations of securities to fund operating activities and investments, compared to net acquisitions of securities from revolver proceeds during the year ended December 31, 2020.

	Years Ended December 31,			2021 vs. 2020
	2021	2020	2019	Change
Financing Activities				
Net proceeds (payments) from short-term debt	\$ (0.5)	\$ (0.5)	\$ 0.5	\$ —
Issuance of senior unsecured notes	—	4.0	—	(4.0)
Repayment of senior unsecured notes	(0.5)	(0.5)	—	—
Dividends paid and payments to purchase common stock	—	(0.6)	(2.2)	0.6
Other	0.1	(0.3)	(0.4)	0.4
Net automotive cash provided by (used in) financing activities	\$ (0.9)	\$ 2.1	\$ (2.1)	\$ (3.0)

**Adjusted Automotive Free Cash Flow** We measure adjusted automotive free cash flow as automotive operating cash flow from operations less capital expenditures adjusted for management actions. For the year ended December 31, 2021, net automotive cash provided by operating activities under U.S. GAAP was \$9.7 billion, capital expenditures were \$7.4 billion and adjustments for management actions were \$0.3 billion. For the year ended December 31, 2020, net automotive cash provided by operating activities under U.S. GAAP was \$7.5 billion, capital expenditures were \$5.3 billion and adjustments for management actions were \$0.3 billion.

**Status of Credit Ratings** We receive ratings from four independent credit rating agencies: DBRS Limited (DBRS), Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P). All four credit rating agencies currently rate our corporate credit at investment grade. The following table summarizes our credit ratings at January 18, 2022:

	Corporate	Revolving Credit Facilities	Senior Unsecured	Outlook
DBRS	BBB	BBB	N/A	Positive
Fitch	BBB-	BBB-	BBB-	Stable
Moody's	Investment Grade	Baa2	Baa3	Stable
S&P	BBB	BBB	BBB	Stable

**Cruise Liquidity** Cruise Holdings issued Cruise Class G Preferred Shares in exchange for \$2.7 billion from Microsoft, Walmart and other investors, including \$1.0 billion from General Motors Holdings LLC. Refer to Note 20 to our consolidated financial statements for additional information. In January 2022, Cruise Holdings met the requirements for commercial deployment under its agreements with SoftBank Vision Fund (AIV M2), L.P. (SoftBank), which triggered SoftBank's obligation to purchase additional Cruise convertible preferred shares for \$1.35 billion. We expect SoftBank to complete the purchase of the majority of such additional preferred shares in the first quarter of 2022 and any balance by the end of 2022. Cruise will need one additional permit from the CPUC, which it has applied for, to commercially deploy such vehicles with paying passengers in California.

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

	December 31, 2021	December 31, 2020
Cruise cash and cash equivalents	\$ 1.6	\$ 0.8
Cruise marketable securities	1.5	0.9
Total Cruise available liquidity (a)	<u>\$ 3.1</u>	<u>\$ 1.7</u>

(a) Excludes a multi-year credit agreement between Cruise and GM Financial whereby Cruise can request to borrow, over time, up to an aggregate of \$5.2 billion, through 2024, to fund exclusively the purchase of AVs from GM.

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The following table summarizes the changes in Cruise's available liquidity (dollars in billions):

	Year Ended December 31, 2021
Operating cash flow	\$ (1.2)
Issuance of Cruise Preferred Shares	1.7
GM investment in Cruise	1.0
Other non-operating	(0.1)
Total change in Cruise available liquidity	<u>\$ 1.4</u>

### *Cruise Cash Flow (Dollars in billions)*

	Years Ended December 31,			2021 vs. 2020 Change
	2021	2020	2019	
Net cash used in operating activities	\$ (1.2)	\$ (0.8)	\$ (0.8)	\$ (0.4)
Net cash used in investing activities	\$ (0.7)	\$ (0.7)	\$ (0.3)	\$ —
Net cash provided by financing activities	\$ 2.6	\$ —	\$ 1.1	\$ 2.6

**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, net distributions from credit facilities, securitizations, secured and unsecured borrowings and collections and recoveries on finance receivables. GM Financial's primary uses of cash are purchases and funding of finance receivables and leased vehicles, repayment or repurchases of secured and unsecured debt, funding credit enhancement requirements in connection with securitizations and secured credit facilities, interest costs, operating expenses, income taxes and dividend payments. GM Financial continues to monitor and evaluate opportunities to optimize its liquidity position and the mix of its debt between secured and unsecured debt. The following table summarizes GM Financial's available liquidity (dollars in billions):

	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 4.0	\$ 5.1
Borrowing capacity on unpledged eligible assets	19.2	19.0
Borrowing capacity on committed unsecured lines of credit	0.5	0.5
Borrowing capacity on revolving credit facility, exclusive to GM Financial	2.0	2.0
Total GM Financial available liquidity	<u>\$ 25.7</u>	<u>\$ 26.6</u>

In the year ended December 31, 2021, GM Financial's available liquidity decreased primarily due to a decrease in cash and cash equivalents, partially offset by increased available borrowing capacity on unpledged eligible assets, resulting from the issuance of securitization transactions and unsecured debt. GM Financial structures liquidity to support at least six months of GM Financial's expected net cash flows, including new originations, without access to new debt financing transactions or other capital markets activity.

GM Financial has access to \$15.5 billion of our revolving credit facilities with exclusive access to the 364-day, \$2.0 billion facility. Refer to the "Automotive Liquidity" section of this MD&A for additional details. We have a support agreement with GM Financial which, among other things, establishes commitments of funding from us to GM Financial. This agreement also provides that we will continue to own all of GM Financial's outstanding voting shares so long as any unsecured debt securities remain outstanding at GM Financial. In addition, we are required to use our commercially reasonable efforts to ensure GM Financial remains a subsidiary borrower under our corporate revolving credit facilities.

**Credit Facilities** In the normal course of business, in addition to using its available cash, GM Financial utilizes borrowings under its credit facilities, which may be secured or unsecured, and GM Financial repays these borrowings as appropriate under its cash management strategy. At December 31, 2021, secured, committed unsecured and uncommitted unsecured credit facilities totaled \$26.2 billion, \$0.5 billion and \$1.2 billion with advances outstanding of \$3.5 billion, an insignificant amount and \$1.2 billion.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### *GM Financial Cash Flow (Dollars in billions)*

	Years Ended December 31,			2021 vs. 2020 Change
	2021	2020	2019	
Net cash provided by operating activities	\$ 7.3	\$ 8.0	\$ 8.1	\$ (0.7)
Net cash used in investing activities	\$ (5.5)	\$ (9.3)	\$ (5.0)	\$ 3.8
Net cash provided by (used in) financing activities	\$ (2.6)	\$ 2.4	\$ (3.5)	\$ (5.0)

In the year ended December 31, 2021, Net cash provided by operating activities decreased primarily due to: (1) a decrease in counterparty derivative collateral posting activities of \$0.6 billion; and (2) a decrease in leased vehicle income of \$0.5 billion; partially offset by (3) a decrease in interest paid of \$0.4 billion.

In the year ended December 31, 2021, Net cash used in investing activities decreased primarily due to: (1) an increase in collections and recoveries on finance receivables of \$4.9 billion; (2) an increase in proceeds from termination of leased vehicles of \$1.0 billion; and (3) an increase in purchases of leased vehicles of \$0.6 billion; partially offset by (4) an increase in purchases of retail finance receivables of \$2.8 billion.

In the year ended December 31, 2021, Net cash used in financing activities increased primarily due to: (1) a decrease in borrowings of \$9.6 billion; (2) an increase in dividend payments of \$2.7 billion; and (3) a decrease in preferred stock issuance of \$0.5 billion; partially offset by (4) a decrease in debt repayments of \$7.8 billion.

**LIBOR Transition** As discussed in Part I, Item 1A. Risk Factors, banks will no longer be persuaded or compelled to submit rates for the calculation of LIBOR after 2021. GM Financial established a LIBOR transition initiative in 2019 to evaluate the potential impacts of the transition, and continues to implement strategies to mitigate the risks associated with the LIBOR discontinuation such as including fallback language into any new LIBOR based contracts. GM Financial has only a limited amount of debt outstanding that is scheduled to mature after June 30, 2023 and would utilize the Alternative Reference Rates Committee fallback process. Furthermore, GM Financial has adhered to the International Swaps and Derivatives Association's Fallbacks Protocol and plans to transition its existing LIBOR-based derivative exposure in advance of the June 30, 2023 date when applicable LIBOR will no longer be published. For any residual exposure after the end of 2021, GM Financial expects to leverage relevant contractual and statutory solutions to transition such exposure.

**Critical Accounting Estimates** The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the periods presented. We believe the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in developing estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. Refer to Note 2 to our consolidated financial statements for our significant accounting policies related to our critical accounting estimates.

**Product Warranty and Recall Campaigns** The estimates related to product warranties are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. When little or no claims experience exists for a model year or a vehicle line, the estimate is based on comparable models.

We accrue the costs related to product warranty at the time of vehicle sale and we accrue the estimated cost of recall campaigns when they are probable and estimable.

The estimates related to recall campaigns accrued at the time of vehicle sale are established by applying a paid loss approach that considers the number of historical recall campaigns and the estimated cost for each recall campaign. These estimates consider the nature, frequency and magnitude of historical recall campaigns, and use key assumptions including the number of historical periods and the weighting of historical data in the reserve studies. Costs associated with recall campaigns not accrued at the time of vehicle sale are estimated based on the estimated cost of repairs and the estimated vehicles to be repaired. Depending on part availability and time to complete repairs we may, from time to time, offer courtesy transportation at no cost to our customers. These estimates are re-evaluated on an ongoing basis and based on the best available information. Revisions are made when necessary based on changes in these factors.

The estimated amount accrued for recall campaigns at the time of vehicle sale is most sensitive to the estimated number of recall events, the number of vehicles per recall event, the assumed number of vehicles that will be brought in by customers for

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

repair (take rate) and the cost per vehicle for each recall event. The estimated cost of a recall campaign that is accrued on an individual basis is most sensitive to our estimated assumed take rate that is primarily developed based on our historical take rate experience. A 10% increase in the estimated take rate for all recall campaigns would increase the estimated cost by approximately \$0.6 billion.

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

**Sales Incentives** The estimated effect of sales incentives offered to dealers and end customers is recorded as a reduction of Automotive net sales and revenue at the time of sale. There may be numerous types of incentives available at any particular time. Incentive programs are generally specific to brand, model or sales region and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include type of program, forecasted sales volume, product mix, and the rate of customer acceptance of incentive programs, all of which are estimated based on historical experience and assumptions concerning future customer behavior and market conditions. A change in any of these factors affecting the estimate could have a significant effect on recorded sales incentives. A 10% increase in the cost of incentives would increase the sales incentive liability by an insignificant amount. Subsequent adjustments to incentive estimates are possible as facts and circumstances change over time, which could affect the revenue previously recognized in Automotive net sales and revenue.

**GM Financial Allowance for Loan Losses** The GM Financial retail finance receivables portfolio consists of smaller-balance, homogeneous loans that are carried at amortized cost, net of allowance for loan losses. The allowance for loan losses on retail finance receivables reflects net credit losses expected to be incurred over the remaining life of the retail finance receivables, which have a weighted average remaining life of approximately two years. GM Financial forecasts net credit losses based on relevant information about past events, current conditions and forecast economic performance. GM Financial believes that the allowance is adequate to cover expected credit losses on the retail finance receivables; however, because the allowance for loan losses is based on estimates, there can be no assurance that the ultimate charge-off amount will not exceed such estimates or that our credit loss assumptions will not increase.

GM Financial incorporates its outlook on forecast charge-off recovery rates and overall economic performance in its allowance estimate. Due to the high used vehicle prices in 2021, GM Financial increased its recovery rate forecast as of December 31, 2021. Each 5% relative decrease/increase in the forecast recovery rates would increase/decrease the allowance for loan losses by approximately \$0.1 billion.

At December 31, 2021, the weightings applied to the economic forecast scenarios considered resulted in an allowance for loan losses on the retail finance receivables portfolio of \$1.8 billion. Using different possible weightings that GM Financial could apply to the economic forecast scenarios result in an allowance for loan losses ranging from \$1.8 billion to \$1.9 billion. Actual economic data and recovery rates that are lower than those forecasted by GM Financial could result in an increase to the allowance for loan losses.

The GM Financial commercial finance receivables portfolio consists of floorplan financing as well as dealer loans, which are loans to finance improvements to dealership facilities, to provide working capital, or to purchase and/or finance dealership real estate. The allowance for loan losses on commercial finance receivables is based on historical loss experience for the consolidated portfolio, in addition to forecasted industry vehicle sales. There can be no assurance that the ultimate charge-off amount will not exceed such estimates or that GM Financial's credit loss assumptions will not increase.

**Valuation of GM Financial Equipment on Operating Lease Assets and Residuals** GM Financial has investments in leased vehicles recorded as operating leases. Each leased asset in the portfolio represents a vehicle that GM Financial owns and has leased to a customer. At lease inception, an estimate is made of the expected residual value for the vehicle at the end of the lease term, which typically ranges from two to five years. GM Financial estimates the expected residual value based on third-party data that considers various data points and assumptions, including, but not limited to, recent auction values, the expected future volume of returning leased vehicles, significant liquidation of rental or fleet inventory, used vehicle prices, manufacturer incentive programs and fuel prices. Realization of the residual values is dependent on the future ability to market the vehicles under prevailing market conditions.

The customer is obligated to make payments during the lease term for the difference between the purchase price and the contract residual value plus a money factor. However, since the customer is not obligated to purchase the vehicle at the end of the contract, GM Financial is exposed to a risk of loss to the extent the customer returns the vehicle prior to or at the end of the lease term and the value of the vehicle is lower than the residual value estimated at lease inception.



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2021, the estimated residual value of GM Financial's leased vehicles was \$29.1 billion. Depreciation reduces the carrying value of each leased asset in GM Financial's operating lease portfolio over time from its original acquisition value to its expected residual value at the end of the lease term. In 2021, prices on leased vehicles at termination generally exceeded their contractual residual values due to high used vehicle prices. Accordingly, GM Financial increased the residual value estimates at December 31, 2021, which will result in a prospective decrease in the depreciation rate over the remaining term of the leased vehicles portfolio. If used vehicle prices weaken compared to estimates, GM Financial would increase depreciation expense and/or record an impairment charge on the lease portfolio. If an impairment exists, GM Financial would determine any shortfall in recoverability of the leased vehicle asset groups by year, make and model. Recoverability is calculated as the excess of: (1) the sum of remaining lease payments plus estimated residual value; over (2) leased vehicles, net less deferred revenue. Alternatively, if used vehicle prices outperform GM Financial's latest estimates, it may record gains on sales of off-lease vehicles and/or decreased depreciation expense.

The following table illustrates the effect of a 1% relative change in the estimated residual values at December 31, 2021, which could increase or decrease depreciation expense over the remaining term of the leased vehicle portfolio, holding all other assumptions constant (dollars in millions):

	Impact to Depreciation Expense
2022	\$ 207
2023	67
2024	16
2025 and thereafter	1
Total	<u>\$ 291</u>

Changes to residual values are rarely simultaneous across all maturities and segments, and also may impact return rates. If a decrease in residual values is concentrated among specific asset groups, the decrease could result in an immediate impairment charge. GM Financial reviewed the leased vehicle portfolio for indicators of impairment and determined that no impairment indicators were present at December 31, 2021 and 2020.

Used vehicle prices were higher in 2021 compared to 2020 levels, primarily due to low new vehicle inventory. In 2022, GM Financial expects used vehicle prices may decrease relative to 2021 levels, but to remain above pre-pandemic levels, primarily due to sustained low new vehicle inventory.

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

In December 2021, an investment policy study was completed for the U.S. pension plans. As a result of changes to our capital market assumptions, the weighted-average long-term rate of return on assets decreased from 5.6% at December 31, 2020 to 5.4% at December 31, 2021. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

Another key assumption in determining net pension and OPEB expense is the assumed discount rate used to discount plan obligations. We estimate the assumed discount rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate bond yield curve to determine the weighted-average discount rate for the calculation of the present value of cash flows. We apply the individual annual yield curve rates instead of the assumed discount rate to determine the service cost and interest cost, which more specifically links the cash flows related to service cost and interest cost to bonds maturing in their year of payment.

The Society of Actuaries (SOA) issued mortality improvement tables in the three months ended December 31, 2021. We reviewed our recent mortality experience and we determined our current mortality assumptions are appropriate to measure our U.S. pension and OPEB plans obligations as of December 31, 2021.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to pension expense over future periods. The unamortized pre-tax actuarial loss on our pension plans was \$3.7 billion and \$8.4 billion at December 31, 2021 and 2020. The year-over-year change is primarily due to an increase in discount rates and higher than expected asset returns.

The underfunded status of the U.S. pension plans improved in the year ended December 31, 2021 to \$0.3 billion from \$5.4 billion primarily due to: (1) the favorable effect of actual returns on plan assets of \$3.7 billion; (2) the favorable effect of an increase in discount rates of \$2.1 billion; and (3) changes in actuarial assumptions, demographic data updates and contributions of \$0.5 billion; partially offset by (4) service and interest costs of \$1.3 billion.

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

	U.S. Plans(a)		Non-U.S. Plans(a)	
	Effect on 2022 Pension Expense	Effect on December 31, 2021 PBO	Effect on 2022 Pension Expense	Effect on December 31, 2021 PBO
25 basis point decrease in discount rate	-\$98	+\$1,502	-\$3	+\$560
25 basis point increase in discount rate	+\$93	-\$1,439	+\$10	-\$531
25 basis point decrease in expected rate of return on assets	+\$139	N/A	+\$32	N/A
25 basis point increase in expected rate of return on assets	-\$139	N/A	-\$32	N/A

(a) The sensitivity does not include the effects of the individual annual yield curve rates applied for the calculation of the service and interest cost.

Refer to Note 15 to our consolidated financial statements for additional information on pension contributions, investment strategies, assumptions, the change in benefit obligations and related plan assets, pension funding requirements and future net benefit payments. Refer to Note 2 to our consolidated financial statements for a discussion of the inputs used to determine fair value for each significant asset class or category.

**Valuation of Deferred Tax Assets** The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required or should be adjusted is based on an evaluation of possible sources of taxable income and also considers all available positive and negative evidence factors. Our accounting for the valuation of deferred tax assets represents our best estimate of future events. Changes in our current estimates, due to unanticipated market conditions, governmental legislative actions or events, could have a material effect on our ability to utilize deferred tax assets. Refer to Note 17 to our consolidated financial statements for additional information on the composition of valuation allowances.

**Forward-Looking Statements** This report and the other reports filed by us with the SEC from time to time, as well as statements incorporated by reference herein and related comments by our management, may include "forward-looking statements" within the meaning of the U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements represent our current judgment about possible future events and are often identified by words like "aim," "anticipate," "appears," "approximately," "believe," "continue," "could," "designed," "effect," "estimate," "evaluate," "expect," "forecast," "goal," "initiative," "intend," "may," "objective," "outlook," "plan," "potential," "priorities," "project," "pursue," "seek," "should," "target," "when," "will," "would," or the negative of any of those words or similar expressions. In making these statements, we rely on assumptions and analysis 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 future events or financial results, and our actual results may differ materially due to a variety of important factors, many of which are beyond our control. These factors, which may be revised or supplemented in subsequent reports we file with the SEC, include, among others, the following: (1) our ability to deliver new products, services, technologies and customer experiences in response to increased competition and changing consumer preferences in the automotive industry; (2) our ability to timely fund and introduce new and improved vehicle models, including electric vehicles, that are able to attract a sufficient number of consumers; (3) our ability to profitably deliver a broad portfolio of electric vehicles that will help drive consumer adoption; (4) the success of our current line of full-size SUVs and full-size pickup trucks; (5) our highly competitive industry, which has been historically characterized by excess manufacturing capacity and the use of incentives, and the introduction of new and improved vehicle models by our competitors; (6) the unique technological, operational, regulatory and competitive risks related to the timing and commercialization of autonomous vehicles; (7) risks associated with climate change, including increased regulation of greenhouse gas emissions, our transition to electric

vehicles and the potential increased impacts of severe weather events; (8) global automobile market sales volume, which can be volatile; (9) prices and uncertain availability of raw materials and commodities used by us and our suppliers, and instability in logistics and related costs; (10) our business in China, which is subject to unique operational, competitive, regulatory and economic risks; (11) the success of our ongoing strategic business relationships and of our joint ventures, which we cannot operate solely for our benefit and over which we may have limited control; (12) the international scale and footprint of our operations, which exposes us to a variety of unique political, economic, competitive and regulatory risks, including the risk of changes in government leadership and laws (including labor, trade, tax and other laws), political uncertainty or instability and economic tensions between governments and changes in international trade policies, new barriers to entry and changes to or withdrawals from free trade agreements, changes in foreign exchange rates and interest rates, economic downturns in the countries in which we operate, differing local product preferences and product requirements, changes to and compliance with U.S. and foreign countries' export controls and economic sanctions, differing labor regulations, requirements and union relationships, differing dealer and franchise regulations and relationships, difficulties in obtaining financing in foreign countries, and public health crises, including the occurrence of a contagious disease or illness, such as the COVID-19 pandemic; (13) any significant disruption, including any work stoppages, at any of our manufacturing facilities; (14) the ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules; (15) the ongoing COVID-19 pandemic; (16) the success of any restructurings or other cost reduction actions; (17) the possibility that competitors may independently develop products and services similar to ours, or that our intellectual property rights are not sufficient to prevent competitors from developing or selling those products or services; (18) our ability to manage risks related to security breaches and other disruptions to our information technology systems and networked products, including connected vehicles and in-vehicle systems; (19) our ability to comply with increasingly complex, restrictive and punitive regulations relating to our enterprise data practices, including the collection, use, sharing and security of the Personal Identifiable Information of our customers, employees, or suppliers; (20) our ability to comply with extensive laws, regulations and policies applicable to our operations and products, including those relating to fuel economy, emissions and autonomous vehicles; (21) costs and risks associated with litigation and government investigations; (22) the costs and effect on our reputation of product safety recalls and alleged defects in products and services; (23) any additional tax expense or exposure; (24) our continued ability to develop captive financing capability through GM Financial; and (25) any significant increase in our pension funding requirements. For a further discussion of these and other risks and uncertainties, refer to Part I, Item 1A. Risk Factors.

We caution readers not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and 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, except where we are expressly required to do so by law.

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## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

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

**Foreign Currency Exchange Rate Risk** We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of our operations. At December 31, 2021, our most significant foreign currency exposures were between the U.S. Dollar and the Canadian Dollar, Chinese Yuan, Korean Won, Brazilian Real, Euro, and Mexican Peso. Derivative instruments such as foreign currency forwards, swaps and options are primarily used to hedge exposures with

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

respect to forecasted revenues, costs and commitments denominated in foreign currencies. Such contracts had remaining maturities of up to 12 months at December 31, 2021.

The net fair value liability of financial instruments with exposure to foreign currency risk was \$0.7 billion and \$0.9 billion at December 31, 2021 and 2020. These amounts are calculated utilizing a population of foreign currency exchange derivatives and foreign currency denominated debt and exclude the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would have been insignificant at December 31, 2021 and 2020.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. We had foreign currency derivatives with notional amounts of \$4.2 billion and \$2.2 billion at December 31, 2021 and 2020. The fair value of these derivative financial instruments was insignificant. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

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

	Years Ended December 31,	
	2021	2020
Translation (gains) losses recorded in Accumulated other comprehensive loss	\$ (132)	\$ 387
Transaction and remeasurement (gains) losses recorded in earnings	\$ (15)	\$ 209

**Interest Rate Risk** We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, finance lease obligations and certain marketable debt securities. We did not have any interest rate swap positions to manage interest rate exposures in our automotive operations at December 31, 2021 and 2020. The fair value of debt and finance leases was \$20.6 billion and \$21.6 billion at December 31, 2021 and 2020. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would have been \$0.6 billion and \$0.7 billion at December 31, 2021 and 2020.

We had marketable debt securities of \$8.6 billion and \$9.0 billion classified as available-for-sale at December 31, 2021 and 2020. The potential decrease in fair value from a 50 basis point increase in interest rates would have been insignificant at December 31, 2021 and 2020.

**Equity Price Risk** We are subject to equity price risk due to market price volatility primarily related to our investment in Stellantis warrants and other insignificant investments. The fair value of investments with exposure to equity price risk was \$1.5 billion and \$1.2 billion at December 31, 2021 and 2020. Our investment in Stellantis warrants is valued based on a Black-Scholes formula. We estimate that a 10% adverse change in quoted security prices in Stellantis would have had an insignificant effect at December 31, 2021 and 2020.

### Automotive Financing - GM Financial

**Interest Rate Risk** Fluctuations in market interest rates can affect GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid on debt. GM Financial is exposed to interest rate risks as financial assets and liabilities have different characteristics that may impact financial performance. These differences may include tenor, yield, re-pricing timing, and prepayment expectations. Typically retail finance receivables and leases purchased by GM Financial earn fixed interest and commercial finance receivables originated by GM Financial earn variable interest. GM Financial funds its business with variable or fixed rate debt. The variable rate debt is subject to adjustments to reflect prevailing market interest rates. To help mitigate interest rate risk or mismatched funding, GM Financial may employ hedging.

**Quantitative Disclosure** GM Financial measures the sensitivity of its net interest income to changes in interest rates by using interest rate scenarios that assume a hypothetical, instantaneous parallel shift of one hundred basis points in all interest rates across all maturities, as well as a base case that assumes that rates perform at the current market forward curve. However, interest rate changes are rarely instantaneous or parallel and rates could move more or less than the one percentage point assumed in our analysis. Therefore, the actual impact to net interest income could be higher or lower than the results detailed in the table below. These interest rate scenarios are purely hypothetical and do not represent our view of future interest rate movements.

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At December 31, 2021, GM Financial was liability-sensitive, meaning that more liabilities than assets were expected to re-price within the next twelve months. During a period of rising interest rates, the interest paid on liabilities would increase more than the interest earned on assets, which would initially decrease net interest income. During a period of falling interest rates, net interest income would be expected to initially increase. At December 31, 2020, GM Financial was asset-sensitive, meaning that more assets than liabilities were expected to re-price within the next twelve months. During a period of rising interest rates, the interest earned on assets would increase more than the interest paid on liabilities, which would initially increase net interest income. During a period of falling interest rates, net interest income would be expected to initially decrease.

GM Financial's net interest income sensitivity decreased in 2021 as compared to 2020 primarily due to an increased proportion of rate sensitive liabilities exposure relative to rate sensitive assets exposure. GM Financial's hedging strategies approved by its global asset liability committee are used to manage interest rate risk within policy guidelines. The following table presents GM Financial's net interest income sensitivity to interest rate movement:

	Years Ended December 31,	
	2021	2020
One hundred basis points instantaneous increase in interest rates	\$ (5.1)	\$ 29.7
One hundred basis points instantaneous decrease in interest rates(a)	\$ 5.1	\$ (29.7)

(a) Net interest income sensitivity given a one hundred basis point decrease in interest rates requires an assumption of negative interest rates in markets where existing interest rates are below one percent.

**Additional Model Assumptions** The sensitivity analysis presented is GM Financial's best estimate of the effect of the hypothetical interest rate scenarios; however, actual results could differ. The estimates are also based on assumptions including the amortization and prepayment of the finance receivable portfolio, originations of finance receivables and leases, refinancing of maturing debt, replacement of maturing derivatives and exercise of options embedded in debt and derivatives. The prepayment projections are based on historical experience. If interest rates or other factors change, actual prepayment experience could be different than projected.

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

GM Financial primarily finances its receivables and leased assets with debt in the same currency. When a different currency is used GM Financial may use foreign currency swaps to convert substantially all of its foreign currency debt obligations to the local currency of the receivables and leased assets to minimize any impact to earnings. As a result, GM Financial believes its market risk exposure relating to changes in currency exchange rates at December 31, 2021 was insignificant.

GM Financial had foreign currency swaps with notional amounts of \$8.2 billion and \$7.6 billion at December 31, 2021 and 2020. The net fair value of these derivative financial instruments was a liability of \$0.2 billion and an asset of \$0.4 billion at December 31, 2021 and 2020.

The following table summarizes GM Financial's foreign currency translation and transaction and remeasurement (gains) losses:

	Years Ended December 31,	
	2021	2020
Translation losses recorded in Accumulated other comprehensive loss	\$ 44	\$ 82
Transaction and remeasurement gains, net recorded in earnings	\$ (3)	\$ (6)

\* \* \* \* \*



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of General Motors Company

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of General Motors Company and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, cash flows, and equity for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 2, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<i>Description of the matter</i>	<b>Product warranty and recall campaigns</b>
	As discussed in Note 12 to the financial statements, the liabilities for product warranty and recall campaigns amount to \$9.8 billion at December 31, 2021. The Company accrues for costs related to product warranty at the time of vehicle sale and accrues the estimated cost of recall campaigns when they are probable and estimable.
	Auditing these liabilities involved a high degree of subjectivity in evaluating management's estimates, due to the size, uncertainties, and potential volatility related to the estimated liabilities. Management's estimates consider historical claims experience, including the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line, and the key assumptions of historical data being predictive of future activity and events, in particular, the number of historical periods used and the weighing of historical data in the reserve studies.

***How we addressed the matter in our audit***

We evaluated the design and tested the operating effectiveness of internal controls over the Company's product warranty and recall campaign processes. We tested internal controls over management's review of the valuation models and significant assumptions for product warranty and recall, including the warranty claims forecasted based on the frequency and average cost per warranty claim for product warranty, and the cost estimates related to recall campaigns. Our audit also included the evaluation of controls that address the completeness and accuracy of the data utilized in the valuation models.

Our audit procedures related to product warranty and recall campaigns also included, among others, evaluating the Company's estimation methodology, the related significant assumptions and underlying data, and performing analytical procedures to corroborate cost per vehicle based on historical claims data. Furthermore, we performed sensitivity analyses to evaluate the significant judgments made by management, including cost estimates to evaluate the impact on reserves from changes in assumptions. We performed analysis over the vehicle lines and model years that had little or no claims experience to ensure the vehicle and model substitutions are comparable. We also involved actuarial specialists to evaluate the methodologies and assumptions, and to test the actuarial calculations used by the Company.

***Description of the matter***

**Sales incentives**

Automotive sales and revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or providing services, which is net of dealer and customer sales incentives the Company expects to pay. As discussed in Note 2 to the financial statements, provisions for dealer and customer incentives are recorded as a reduction to Automotive net sales and revenue at the time of vehicle sale. The liabilities for dealer and customer allowances, claims and discounts amount to \$3.2 billion at December 31, 2021.

Auditing the estimate of sales incentives involved a high degree of judgment. Significant factors used by the Company in estimating its liability for retail incentives include type of program, forecasted sales volumes, product mix, and the rate of customer acceptance of incentive programs, all of which are estimated based on historical experience and assumptions concerning future customer behavior and market conditions. The Company's estimation model reflects the best estimate of the total incentive amount that the Company reasonably expects to pay at the time of sale. The estimated cost of incentives is forward-looking, and could be materially affected by future economic and market conditions.

***How we addressed the matter in our audit***

We evaluated the design and tested the operating effectiveness of internal controls over the Company's sales incentive process, including management's review of the estimation model, the significant assumptions (e.g., incentive cost per unit, customer take rate, and market conditions), and the data inputs used in the model.

Our audit procedures included, among others, the performance of analytical procedures to develop an independent range of the liability for retail incentives as of the balance sheet date. Our independent range was developed for comparison to the Company's recorded liability, and is based on historical claims, forecasted spend, and the specific vehicle mix of current dealer stock. In addition, we performed sensitivity analyses over the cost per unit assumption developed by management to evaluate the impact on the liability resulting from a change in the assumption. Lastly, we assessed management's forecasting process by performing quarterly hindsight analyses to assess the adequacy of prior forecasts.

***Description of the matter***

**Valuation of GM Financial Equipment on Operating Leases**

GM Financial has recorded investments in vehicles leased to retail customers under operating leases. As discussed in Note 2 to the financial statements, at the beginning of the lease, management establishes an expected residual value for each vehicle at the end of the lease term. The Company's estimated residual value of leased vehicles at the end of lease term was \$29.1 billion as of December 31, 2021.

Auditing management's estimate of the residual value of leased vehicles involved a high degree of judgment. Management's estimate is based, in part, on third-party data which considers inputs including recent auction values and significant assumptions regarding the expected future volume of leased vehicles that will be returned to the Company, used car prices, manufacturer incentive programs and fuel prices. Realization of the residual values is dependent on the future ability to market the vehicles under future prevailing market conditions.

***How we addressed the matter in our audit***

We evaluated the design and tested the operating effectiveness of the Company's controls over the lease residual estimation process, including controls over management's review of residual value estimates obtained from the Company's third-party provider and other significant assumptions.

Our procedures also included, among others, independently recalculating depreciation related to equipment on operating leases and performing sensitivity analyses related to significant assumptions. We also performed hindsight analyses to assess the propriety of management's estimate of residual values, as well as tested the completeness and accuracy of data from underlying systems and data warehouses that are used in the estimation models.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2017.

Detroit, Michigan

February 2, 2022

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of General Motors Company

### Opinion on Internal Control over Financial Reporting

We have audited General Motors Company and subsidiaries' internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, General Motors Company and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2021, and the related notes and our report dated February 2, 2022 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

Detroit, Michigan

February 2, 2022

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**Item 8. Financial Statements and Supplementary Data**

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

	Years Ended December 31,		
	2021	2020	2019
<b>Net sales and revenue</b>			
Automotive	\$ 113,590	\$ 108,673	\$ 122,697
GM Financial	13,414	13,812	14,540
Total net sales and revenue (Note 3)	127,004	122,485	137,237
<b>Costs and expenses</b>			
Automotive and other cost of sales	100,544	97,539	110,651
GM Financial interest, operating and other expenses	8,582	11,274	12,614
Automotive and other selling, general and administrative expense	8,554	7,038	8,491
Total costs and expenses	117,680	115,851	131,756
Operating income	9,324	6,634	5,481
Automotive interest expense	950	1,098	782
Interest income and other non-operating income, net (Note 19)	3,041	1,885	1,469
Equity income (Note 8)	1,301	674	1,268
Income before income taxes	12,716	8,095	7,436
Income tax expense (Note 17)	2,771	1,774	769
<b>Net income</b>	9,945	6,321	6,667
Net loss attributable to noncontrolling interests	74	106	65
<b>Net income attributable to stockholders</b>	<u>\$ 10,019</u>	<u>\$ 6,427</u>	<u>\$ 6,732</u>
<b>Net income attributable to common stockholders</b>	\$ 9,837	\$ 6,247	\$ 6,581
<b>Earnings per share (Note 21)</b>			
Basic earnings per common share	\$ 6.78	\$ 4.36	\$ 4.62
Weighted-average common shares outstanding – basic	1,451	1,433	1,424
Diluted earnings per common share	\$ 6.70	\$ 4.33	\$ 4.57
Weighted-average common shares outstanding – diluted	1,468	1,442	1,439



**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions)

	Years Ended December 31,		
	2021	2020	2019
<b>Net income</b>	\$ 9,945	\$ 6,321	\$ 6,667
<b>Other comprehensive income (loss), net of tax (Note 20)</b>			
Foreign currency translation adjustments and other	80	(523)	(6)
Defined benefit plans	4,126	(1,795)	(2,122)
Other comprehensive income (loss), net of tax	4,206	(2,318)	(2,128)
<b>Comprehensive income</b>	14,151	4,003	4,539
Comprehensive loss attributable to noncontrolling interests	87	92	76
<b>Comprehensive income attributable to stockholders</b>	<u>\$ 14,238</u>	<u>\$ 4,095</u>	<u>\$ 4,615</u>

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 20,067	\$ 19,992
Marketable debt securities (Note 4)	8,609	9,046
Accounts and notes receivable, net of allowance of \$192 and \$224	7,394	8,035
GM Financial receivables, net of allowance of \$703 and \$1,002 (Note 5; Note 11 at VIEs)	26,649	26,209
Inventories (Note 6)	12,988	10,235
Other current assets (Note 4; Note 11 at VIEs)	6,396	7,407
Total current assets	<u>82,103</u>	<u>80,924</u>
<b>Non-current Assets</b>		
GM Financial receivables, net of allowance of \$1,183 and \$976 (Note 5; Note 11 at VIEs)	36,167	31,783
Equity in net assets of nonconsolidated affiliates (Note 8)	9,677	8,406
Property, net (Note 9)	41,115	37,632
Goodwill and intangible assets, net (Note 10)	5,087	5,230
Equipment on operating leases, net (Note 7; Note 11 at VIEs)	37,929	39,819
Deferred income taxes (Note 17)	21,152	24,136
Other assets (Note 4; Note 11 at VIEs)	11,488	7,264
Total non-current assets	<u>162,615</u>	<u>154,270</u>
<b>Total Assets</b>	<u><u>\$ 244,718</u></u>	<u><u>\$ 235,194</u></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable (principally trade)	\$ 20,391	\$ 19,928
Short-term debt and current portion of long-term debt (Note 13)		
Automotive	463	1,276
GM Financial (Note 11 at VIEs)	33,257	35,637
Accrued liabilities (Note 12)	20,297	23,069
Total current liabilities	<u>74,408</u>	<u>79,910</u>
<b>Non-current Liabilities</b>		
Long-term debt (Note 13)		
Automotive	16,355	16,193
GM Financial (Note 11 at VIEs)	59,304	56,788
Postretirement benefits other than pensions (Note 15)	5,743	6,277
Pensions (Note 15)	8,008	12,902
Other liabilities (Note 12)	15,085	13,447
Total non-current liabilities	<u>104,495</u>	<u>105,607</u>
<b>Total Liabilities</b>	<u>178,903</u>	<u>185,517</u>
Commitments and contingencies (Note 16)		
<b>Equity (Note 20)</b>		
Common stock, \$0.01 par value	15	14
Additional paid-in capital	27,061	26,542
Retained earnings	41,937	31,962
Accumulated other comprehensive loss	(9,269)	(13,488)
Total stockholders' equity	<u>59,744</u>	<u>45,030</u>
Noncontrolling interests	6,071	4,647
<b>Total Equity</b>	<u>65,815</u>	<u>49,677</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 244,718</u></u>	<u><u>\$ 235,194</u></u>

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

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

	Years Ended December 31,		
	2021	2020	2019
<b>Cash flows from operating activities</b>			
Net income	\$ 9,945	\$ 6,321	\$ 6,667
Depreciation and impairment of Equipment on operating leases, net	6,076	7,178	7,332
Depreciation, amortization and impairment charges on Property, net	5,975	5,637	6,786
Foreign currency remeasurement and transaction (gains) losses	(17)	203	(85)
Undistributed earnings of nonconsolidated affiliates, net	(517)	524	585
Pension contributions and OPEB payments	(838)	(851)	(985)
Pension and OPEB income, net	(1,605)	(765)	(484)
Provision (benefit) for deferred taxes	2,214	925	(133)
Change in other operating assets and liabilities (Note 24)	(3,366)	(399)	(3,789)
Other operating activities	(2,679)	(2,103)	(873)
<b>Net cash provided by operating activities</b>	<b>15,188</b>	<b>16,670</b>	<b>15,021</b>
<b>Cash flows from investing activities</b>			
Expenditures for property	(7,509)	(5,300)	(7,592)
Available-for-sale marketable securities, acquisitions	(8,962)	(16,204)	(4,075)
Available-for-sale marketable securities, liquidations	9,347	11,941	6,265
Purchases of finance receivables, net	(33,009)	(30,090)	(24,538)
Principal collections and recoveries on finance receivables	24,622	19,726	22,005
Purchases of leased vehicles, net	(14,602)	(15,233)	(16,404)
Proceeds from termination of leased vehicles	14,393	13,399	13,302
Other investing activities	(635)	(65)	138
<b>Net cash used in investing activities</b>	<b>(16,355)</b>	<b>(21,826)</b>	<b>(10,899)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term debt	2,912	277	(312)
Proceeds from issuance of debt (original maturities greater than three months)	45,300	78,527	36,937
Payments on debt (original maturities greater than three months)	(47,806)	(72,663)	(39,156)
Proceeds from issuance of subsidiary preferred and common stock (Note 20)	1,736	492	457
Dividends paid	(186)	(669)	(2,350)
Other financing activities	(212)	(412)	(253)
<b>Net cash provided by (used in) financing activities</b>	<b>1,744</b>	<b>5,552</b>	<b>(4,677)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(152)	(222)	2
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>425</b>	<b>174</b>	<b>(553)</b>
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b>23,117</b>	<b>22,943</b>	<b>23,496</b>
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 23,542</b>	<b>\$ 23,117</b>	<b>\$ 22,943</b>
<b>Significant Non-cash Investing and Financing Activity</b>			
Non-cash property additions	\$ 4,305	\$ 2,300	\$ 2,837

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF EQUITY**

**(In millions)**

	Common Stockholders'					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
Balance at January 1, 2019	\$ 14	\$ 25,563	\$22,322	\$ (9,039)	\$ 3,917	\$ 42,777
Net income	—	—	6,732	—	(65)	6,667
Other comprehensive loss	—	—	—	(2,117)	(11)	(2,128)
Issuance of subsidiary preferred stock (Note 20)	—	—	—	—	457	457
Stock based compensation	—	409	(34)	—	—	375
Cash dividends paid on common stock	—	—	(2,165)	—	—	(2,165)
Dividends to noncontrolling interests	—	—	—	—	(166)	(166)
Other	—	102	5	—	33	140
Balance at December 31, 2019	14	26,074	26,860	(11,156)	4,165	45,957
Adoption of accounting standards	—	—	(660)	—	—	(660)
Net income	—	—	6,427	—	(106)	6,321
Other comprehensive loss	—	—	—	(2,332)	14	(2,318)
Purchase of common stock	—	(57)	(33)	—	—	(90)
Issuance of subsidiary preferred stock (Note 20)	—	—	—	—	544	544
Stock based compensation	—	525	(10)	—	—	515
Cash dividends paid on common stock	—	—	(545)	—	—	(545)
Dividends to noncontrolling interests	—	—	—	—	(46)	(46)
Other	—	—	(77)	—	76	(1)
Balance at December 31, 2020	14	26,542	31,962	(13,488)	4,647	49,677
Net income	—	—	10,019	—	(74)	9,945
Other comprehensive income	—	—	—	4,219	(13)	4,206
Issuance of subsidiary preferred stock (Note 20)	—	—	—	—	1,736	1,736
Stock based compensation	—	526	(3)	—	—	523
Dividends to noncontrolling interests	—	—	—	—	(186)	(186)
Other	1	(7)	(41)	—	(39)	(86)
Balance at December 31, 2021	\$ 15	\$ 27,061	\$41,937	\$ (9,269)	\$ 6,071	\$ 65,815

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Nature of Operations and Basis of Presentation**

General Motors Company was incorporated as a Delaware corporation in 2009. We design, build and sell trucks, crossovers, cars and automobile parts, provide software-enabled services worldwide and are investing in and growing an AV business. We also provide automotive financing services through GM Financial. We analyze the results of our operations through the following segments: GMNA, GMI, Cruise and GM Financial. Cruise is our global segment responsible for the development and commercialization of AV technology. Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs such as interest, income taxes, corporate expenditures and certain nonsegment-specific revenues and expenses. The consolidated financial statements are prepared in conformity with U.S. GAAP. Except for per share amounts or as otherwise specified, amounts presented within tables are stated in millions.

**Principles of Consolidation** We consolidate entities that we control due to ownership of a majority voting interest and we consolidate variable interest entities (VIEs) when we are the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate.

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

**GM Financial** The amounts presented for GM Financial have been adjusted to reflect the impact on GM Financial's deferred tax positions and provision for income taxes resulting from the inclusion of GM Financial in our consolidated tax return and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

**Note 2. Significant Accounting Policies**

The accounting policies that follow are utilized by our automotive, automotive financing and Cruise operations, unless otherwise indicated. We adopted Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13) on January 1, 2020 on a modified retrospective basis. As such, the comparative information in prior periods was not restated and continues to be reported under the accounting standards in effect for those periods. The accounting policies for Marketable Debt Securities, Accounts and Notes Receivable and GM Financial Receivables that were affected by the adoption of ASU 2016-13 became effective on January 1, 2020.

**Revenue Recognition**

**Automotive** Automotive net sales and revenue represents the amount of consideration to which we expect to be entitled in exchange for vehicle, parts and accessories and services and other sales. The consideration recognized represents the amount received, typically shortly after the sale to a customer, net of estimated dealer and customer sales incentives we reasonably expect to pay. Significant factors in determining our estimates of incentives include forecasted sales volume, product mix and the rate of customer acceptance of incentive programs, all of which are estimated based on historical experience and assumptions concerning future customer behavior and market conditions. Subsequent adjustments to incentive estimates are possible as facts and circumstances change over time. A portion of the consideration received is deferred for separate performance obligations, such as maintenance and vehicle connectivity, that will be provided to our customers at a future date. Taxes assessed by various government entities, such as sales, use and value-added taxes, collected at the time of the vehicle sale are excluded from Automotive net sales and revenue. Costs for shipping and handling activities that occur after control of the vehicle transfers to the dealer are recognized at the time of sale and presented in Automotive and other cost of sales.

**Vehicle, Parts and Accessories** For the majority of vehicle and accessories sales, our customers obtain control and we recognize revenue when the vehicle transfers to the dealer, which generally occurs when the vehicle is released to the carrier responsible for transporting it to a dealer. Revenue, net of estimated returns, is recognized on the sale of parts upon delivery to the customer. When our customers have a right to return eligible parts and accessories, we consider the returns in our estimation of the transaction price.



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Typically, transfers to daily rental companies are accounted for as sales, with revenue recognized at the time of transfer. We defer revenue for remarketing obligations, record a residual value guarantee and reflect a liability for amounts expected to be paid once the remarketing services are complete at the time of certain transfers and recognize deferred revenue in earnings upon completion of the remarketing service.

*Used Vehicles* Proceeds from the auction of vehicles utilized by our employees are recognized in Automotive net sales and revenue upon transfer of control of the vehicle to the customer and the related vehicle carrying value is recognized in Automotive and other cost of sales.

*Services and Other* Services and other revenue primarily consists of revenue from vehicle-related service arrangements and after-sale services such as maintenance, OnStar, vehicle connectivity and extended service warranties. For those service arrangements that are bundled with a vehicle sale, a portion of the revenue from the sale is allocated to the service component and recognized as deferred revenue within Accrued liabilities or Other liabilities. We recognize revenue for bundled services and services sold separately as services are performed, typically over a period of up to seven years.

*Automotive Financing - GM Financial* Finance charge income earned on finance receivables is recognized using the effective interest method. Fees and commissions received (including incentive payments) and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are fully charged off or paid in full. Accrual of finance charge income on retail finance receivables is generally suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are applied to principal. Interest accrual generally resumes once an account has received payments bringing the delinquency to less than 60 days past due. Accrual of finance charge income on commercial finance receivables is generally suspended on accounts that are more than 90 days delinquent, upon receipt of a bankruptcy notice from a borrower, or where reasonable doubt exists about the full collectability of contractually agreed upon principal and interest. Payments received on nonaccrual loans are first applied to principal. Interest accrual resumes once an account has received payments bringing the account fully current and collection of contractual principal and interest is reasonably assured (including amounts previously charged off).

Income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Gains or losses realized upon disposition of off-lease assets including any payments received from lessees upon lease termination, are included in GM Financial interest, operating and other.

**Advertising and Promotion Expenditures** Advertising and promotion expenditures, which are expensed as incurred in Automotive and other selling, general and administrative expense, were \$3.3 billion, \$2.7 billion and \$3.7 billion in the years ended December 31, 2021, 2020 and 2019.

**Research and Development Expenditures** Research and development expenditures, which are expensed as incurred in Automotive and other cost of sales, were \$7.9 billion, \$6.2 billion and \$6.8 billion in the years ended December 31, 2021, 2020 and 2019. We enter into cost sharing arrangements with third parties or nonconsolidated affiliates for product-related research, engineering, design and development activities. Cost sharing payments and fees related to these arrangements are presented in Automotive and other cost of sales.

**Cash Equivalents and Restricted Cash** Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less. Certain operating agreements require us to post cash as collateral. Cash and cash equivalents subject to contractual restrictions and not readily available are classified as restricted cash. Restricted cash is invested in accordance with the terms of the underlying agreements and include amounts related to various deposits, escrows and other cash collateral. Restricted cash is included in Other current assets and Other assets in the consolidated balance sheets.

**Fair Value Measurements** A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy: Level 1 – Quoted prices for identical instruments in active markets; Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose significant inputs are observable; and Level 3 – Instruments whose significant inputs are unobservable.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Marketable Debt Securities** We generally classify marketable debt securities as available-for-sale. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale debt securities are recorded at fair value with non-credit related unrealized gains and losses recorded in Accumulated other comprehensive loss until realized. Credit losses are recorded in Interest income and other non-operating income, net. An evaluation is made quarterly to determine if any portion of unrealized losses recorded in Accumulated other comprehensive loss needs to be reclassified. Non-credit related unrealized losses are reclassified to Interest income and other non-operating income, net if we intend to sell the security or it is more likely than not that we will be required to sell the security before the recovery of the unrealized loss.

We determine realized gains and losses for all debt securities using the specific identification method and measure the fair value of our marketable debt securities using a market approach where identical or comparable prices are available and an income approach in other cases. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models. These prices represent non-binding quotes. Our pricing service utilizes industry-standard pricing models that consider various inputs. We typically review our pricing service quarterly and believe the prices received from our pricing service are a reliable representation of exit prices.

**Accounts and Notes Receivable** Accounts and notes receivable primarily consists of amounts that are due and payable from our customers for the sale of vehicles, parts, and accessories. We evaluate the collectability of receivables each reporting period and record an allowance for doubtful accounts to present the net amount expected to be collected on our receivables. Additions to the allowance are charged to bad debt expense reported in Automotive and other selling, general and administrative expense and were insignificant in the years ended December 31, 2021, 2020 and 2019.

**GM Financial Receivables** Finance receivables are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain the allowance for loan losses at levels considered adequate to cover expected credit losses on the finance receivables. For retail finance receivables, GM Financial uses static pool modeling techniques to determine the allowance for loan losses expected over the remaining life of the receivables, which is supplemented by management judgment. The modeling techniques incorporate reasonable and supportable forecasts of economic conditions over the expected remaining life of the finance receivables. The economic forecasts incorporate factors which vary by region that GM Financial believes will have the largest impact on expected losses, including unemployment rates, interest rate spreads, disposable personal income and growth rates in gross domestic product.

Troubled debt restructurings (TDRs) are grouped separately for purposes of measuring the allowance. The allowance for TDRs uses static pool modeling techniques like non-TDR retail finance receivables to determine the expected loss amount. The expected cash flows of the receivables are then discounted at the original weighted average effective interest rate of the pool. Factors considered when estimating the allowance for TDRs are based on an evaluation of historical and current information, which may be supplemented by management judgment. Finance charge income from loans classified as TDRs is accounted for in the same manner as other accruing loans. Cash collections on these loans are allocated according to the same payment hierarchy methodology applied to loans that are not classified as TDRs.

Commercial finance receivables are carried at amortized cost, net of allowance for loan losses and amounts held under a cash management program. GM Financial establishes the allowance for loan losses based on historical loss experience, as well as the forecast for industry vehicle sales, which is the economic indicator believed to have the largest impact on expected losses.

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

**Equipment on Operating Leases** Equipment on operating leases, net primarily consists of vehicle leases to retail customers with lease terms of two to five years. We are exposed to changes in the residual values of these assets. The residual values represent estimates of the values of the leased vehicles at the end of the lease agreements and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under prevailing market conditions. The estimate of the residual value is evaluated over the life of the arrangement and adjustments may be made to the extent the expected value of the vehicle changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. A lease vehicle asset group is

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

determined to be impaired if an impairment indicator exists and the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicle asset group. If the carrying amount is considered impaired an impairment charge is recorded for the amount by which the carrying amount exceeds fair value of the vehicle asset group. Fair value is determined primarily using the anticipated cash flows, including estimated residual values. In our automotive finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of amortized cost or net realizable value. Upon disposition a gain or loss is recorded in GM Financial interest, operating and other expenses for any difference between the net book value of the leased asset and the proceeds from the disposition of the asset.

**Equity Investments** When events and circumstances warrant, equity investments accounted for under the equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other-than-temporary. Impairment charges related to equity method investments are recorded in Equity income. Equity investments that are not accounted for under the equity method of accounting are measured at fair value or in certain cases adjusted to fair value upon an observable price change, with changes in fair value recorded in Interest income and other non-operating income, net.

**Property, net** Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality are capitalized. The gross amount of assets under finance leases is included in property, plant and equipment. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. The amortization of the assets under finance leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are eliminated and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive and other cost of sales, Automotive and other selling, general and administrative expense or GM Financial interest, operating and other expenses.

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

**Goodwill** Goodwill is not amortized but rather tested for impairment annually on October 1 and when events warrant such a review. The impairment test entails an assessment of qualitative factors to determine whether it is more likely than not that an impairment exists. If it is more likely than not that an impairment exists, then a quantitative impairment test is performed. Impairment exists when the carrying amount of a reporting unit exceeds its fair value.

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

**Valuation of Long-Lived Assets** The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business is evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds fair value. Product-specific long-lived asset groups and non-product specific long-lived assets are separately tested for impairment on an asset group basis. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition.

#### **Pension and OPEB Plans**

**Attribution, Methods and Assumptions** The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

amortized over the expected period of benefit which may be the duration of the applicable collective bargaining agreement specific to the plan, the expected future working lifetime or the life expectancy of the plan participants.

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

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

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S., we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high-quality corporate bond yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. We apply individual annual yield curve rates to determine the service cost and interest cost for our pension and OPEB plans to more specifically link the cash flows related to service cost and interest cost to bonds maturing in their year of payment.

The benefit obligation for pension plans in Canada, the U.K. and Germany represents 93% of the non-U.S. pension benefit obligation at December 31, 2021. The discount rates for plans in Canada, the U.K. and Germany are determined using a cash flow matching approach like the U.S.

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

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

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

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

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

**Stock Incentive Plans** Our stock incentive plans include RSUs, Restricted Stock Awards (RSAs), PSUs, stock options and awards that may be settled in our stock, the stock of our subsidiaries or in cash. We measure and record compensation expense based on the fair value of GM or Cruise's common stock on the date of grant for RSUs, RSAs and PSUs and the grant date fair value, determined utilizing a lattice model or the Black-Scholes formula, for stock options and PSUs. We record compensation



## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

cost for service-based RSUs, RSAs, PSUs and service-based stock options on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period. RSUs granted in stock of Cruise vest upon satisfaction of both a service condition and a liquidity condition, defined as a change in control transaction or the consummation of an initial public offering. Compensation costs for RSUs granted in stock of Cruise will be recorded when the liquidity condition is met. Compensation cost for awards that do not have an established accounting grant date, but for which the service inception date has been established, or are settled in cash is based on the fair value of GM or Cruise's common stock at the end of each reporting period. We use the graded vesting method to record compensation cost for stock options with market conditions over the lesser of the vesting period or the time period an employee becomes eligible to retain the award at retirement.

**Product Warranty and Recall Campaigns** The estimated costs related to product warranties are accrued at the time products are sold and are charged to Automotive and other cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary and are based on changes in these factors.

The estimated costs related to recall campaigns are accrued when probable and estimable. In GMNA, we estimate the costs related to recall campaigns by applying a paid loss approach that considers the number of historical recall campaigns and the estimated cost for each recall campaign. The estimated costs associated with recall campaigns in other geographical regions are determined using the estimated costs of repairs and the estimated number of vehicles to be repaired. Costs associated with recall campaigns are charged to Automotive and other cost of sales. Revisions are made when necessary based on changes in these factors.

**Income Taxes** The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recorded in the results of operations in the period that includes the enactment date under the law. We record Global Intangible Low Tax Income (GILTI) as a current period expense when incurred.

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

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

**Foreign Currency Transactions and Translation** The assets and liabilities of foreign subsidiaries that use the local currency as their functional currency are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive loss. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented. The financial statements of any foreign subsidiary that has been identified as having a highly inflationary economy are remeasured as if the functional currency were the U.S. Dollar.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive and other cost of sales and GM Financial interest, operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net. Foreign currency transaction and remeasurement gains were \$17 million, losses of \$203 million and gains of \$85 million in the years ended December 31, 2021, 2020 and 2019.

**Derivative Financial Instruments** Derivative financial instruments are recognized as either assets or liabilities at fair value. The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated



# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative instruments are not used for trading or speculative purposes.

**Automotive** We utilize options, swaps and forward contracts to manage foreign currency and commodity price risk. The change in fair value of option and forward contracts not designated as hedges is recorded in Interest income and other non-operating income, net. Cash flows for all derivative financial instruments are classified in cash flows from operating activities.

We estimate the fair value of the Stellantis warrants using a Black-Scholes formula. The significant inputs to the model include the Stellantis stock price and the estimated dividend yield. We are entitled to receive any dividends declared by Stellantis through the conversion date upon exercise of the warrants. Gains or losses as a result of the change in the fair value of the Stellantis warrants are recorded in Interest income and other non-operating income, net.

**Automotive Financing - GM Financial** GM Financial utilizes interest rate derivative instruments to manage interest rate risk and foreign currency derivative instruments to manage foreign currency risk. The change in fair value of the derivative instruments not designated as hedges is recorded in GM Financial interest, operating and other expenses. Cash flows for all derivative financial instruments are classified in cash flows from operating activities.

Certain interest rate and foreign currency swap agreements have been designated as fair value hedges. The risk being hedged is the risk of changes in the fair value of the hedged debt attributable to changes in the benchmark interest rate or the risk of changes in fair value attributable to changes in foreign currency exchange rates. If the swap has been designated as a fair value hedge, the changes in the fair value of the hedged item are recorded in GM Financial interest, operating and other expenses. The change in fair value of the related hedge is also recorded in GM Financial interest, operating and other expenses.

Certain interest rate swap and foreign currency swap agreements have been designated as cash flow hedges. The risk being hedged is the interest rate and foreign currency risk related to forecasted transactions. If the contract has been designated as a cash flow hedge, the change in the fair value of the cash flow hedge is deferred in Accumulated other comprehensive loss and is recognized in GM Financial interest, operating and other expenses along with the earnings effect of the hedged item when the hedged item affects earnings. Changes in the fair value of amounts excluded from the assessment of effectiveness are recorded currently in earnings and are presented in the same income statement line as the earnings effect of the hedged item.

### Note 3. Revenue

The following table disaggregates our revenue by major source for revenue generating segments:

	Year Ended December 31, 2021							Total
	GMNA	GMI	Corporate	Total Automotive	Cruise	GM Financial	Eliminations/ Reclassifications	
Vehicle, parts and accessories	\$ 97,515	\$10,956	\$ 14	\$ 108,485	\$ —	\$ —	\$ —	\$108,485
Used vehicles	545	49	—	594	—	—	—	594
Services and other	3,248	1,167	90	4,505	106	—	(100)	4,511
Automotive net sales and revenue	101,308	12,172	104	113,584	106	—	(100)	113,590
Leased vehicle income	—	—	—	—	—	9,026	—	9,026
Finance charge income	—	—	—	—	—	4,103	—	4,103
Other income	—	—	—	—	—	290	(5)	285
GM Financial net sales and revenue	—	—	—	—	—	13,419	(5)	13,414
Net sales and revenue	<u>\$101,308</u>	<u>\$12,172</u>	<u>\$ 104</u>	<u>\$ 113,584</u>	<u>\$ 106</u>	<u>\$ 13,419</u>	<u>\$ (105)</u>	<u>\$127,004</u>

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

	<b>Year Ended December 31, 2020</b>							
	<b>GMNA</b>	<b>GMI</b>	<b>Corporate</b>	<b>Total Automotive</b>	<b>Cruise</b>	<b>GM Financial</b>	<b>Eliminations/ Reclassifications</b>	<b>Total</b>
Vehicle, parts and accessories	\$ 92,749	\$10,593	\$ 1	\$ 103,343	\$ —	\$ —	\$ —	\$103,343
Used vehicles	875	115	20	1,010	—	—	—	1,010
Services and other	3,109	878	329	4,316	103	—	(99)	4,320
Automotive net sales and revenue	96,733	11,586	350	108,669	103	—	(99)	108,673
Leased vehicle income	—	—	—	—	—	9,530	—	9,530
Finance charge income	—	—	—	—	—	3,996	(1)	3,995
Other income	—	—	—	—	—	305	(18)	287
GM Financial net sales and revenue	—	—	—	—	—	13,831	(19)	13,812
Net sales and revenue	<u>\$ 96,733</u>	<u>\$11,586</u>	<u>\$ 350</u>	<u>\$ 108,669</u>	<u>\$ 103</u>	<u>\$ 13,831</u>	<u>\$ (118)</u>	<u>\$122,485</u>

	<b>Year Ended December 31, 2019</b>							
	<b>GMNA</b>	<b>GMI</b>	<b>Corporate</b>	<b>Total Automotive</b>	<b>Cruise</b>	<b>GM Financial</b>	<b>Eliminations/ Reclassifications</b>	<b>Total</b>
Vehicle, parts and accessories	\$101,346	\$14,931	\$ —	\$ 116,277	\$ —	\$ —	\$ —	\$116,277
Used vehicles	1,896	123	—	2,019	—	—	—	2,019
Services and other	3,124	1,057	220	4,401	100	—	(100)	4,401
Automotive net sales and revenue	106,366	16,111	220	122,697	100	—	(100)	122,697
Leased vehicle income	—	—	—	—	—	10,032	—	10,032
Finance charge income	—	—	—	—	—	4,071	(7)	4,064
Other income	—	—	—	—	—	451	(7)	444
GM Financial net sales and revenue	—	—	—	—	—	14,554	(14)	14,540
Net sales and revenue	<u>\$106,366</u>	<u>\$16,111</u>	<u>\$ 220</u>	<u>\$ 122,697</u>	<u>\$ 100</u>	<u>\$ 14,554</u>	<u>\$ (114)</u>	<u>\$137,237</u>

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Adjustments to sales incentives for previously recognized sales were insignificant during the years ended December 31, 2021, 2020 and 2019.

Contract liabilities in our Automotive segments primarily consist of maintenance, extended warranty and other service contracts of \$2.5 billion and \$2.4 billion at December 31, 2021 and 2020, which are included in Accrued liabilities and Other liabilities. We recognized revenue of \$1.2 billion and \$1.1 billion related to contract liabilities during the years ended December 31, 2021 and 2020. We expect to recognize revenue of \$1.2 billion, \$498 million and \$868 million in the years ending December 31, 2022, 2023 and thereafter related to contract liabilities at December 31, 2021.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Note 4. Marketable and Other Securities**

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

	Fair Value Level	December 31, 2021	December 31, 2020
<b>Cash and cash equivalents</b>			
Cash and time deposits		\$ 7,881	\$ 8,010
Available-for-sale debt securities			
U.S. government and agencies	2	722	1,370
Corporate debt	2	5,321	3,476
Sovereign debt	2	2,105	2,051
Total available-for-sale debt securities – cash equivalents		8,148	6,897
Money market funds	1	4,038	5,085
Total cash and cash equivalents(a)		\$ 20,067	\$ 19,992
<b>Marketable debt securities</b>			
U.S. government and agencies	2	\$ 2,071	\$ 1,771
Corporate debt	2	3,396	3,630
Mortgage and asset-backed	2	575	632
Sovereign debt	2	2,567	3,013
Total available-for-sale debt securities – marketable securities(b)		\$ 8,609	\$ 9,046
<b>Restricted cash</b>			
Cash and cash equivalents		\$ 466	\$ 269
Money market funds	1	3,009	2,856
Total restricted cash		\$ 3,475	\$ 3,125
<b>Available-for-sale debt securities included above with contractual maturities(c)</b>			
Due in one year or less		\$ 12,003	
Due between one and five years		4,130	
Total available-for-sale debt securities with contractual maturities		\$ 16,133	

(a) Includes \$1.6 billion and \$761 million in Cruise at December 31, 2021 and 2020.

(b) Includes \$1.5 billion and \$943 million in Cruise at December 31, 2021 and 2020.

(c) Excludes mortgage and asset-backed securities of \$575 million at December 31, 2021 as these securities are not due at a single maturity date.

Proceeds from the sale of available-for-sale debt securities sold prior to maturity were \$1.9 billion in the years ended December 31, 2021 and 2020 and \$4.5 billion in the year ended December 31, 2019. Net unrealized gains and losses on available-for-sale debt securities were insignificant in the years ended December 31, 2021, 2020 and 2019. Cumulative unrealized gains and losses on available-for-sale debt securities were insignificant at December 31, 2021 and 2020.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 20,067	\$ 19,992
Restricted cash included in Other current assets	2,935	2,581
Restricted cash included in Other assets	540	544
Total	\$ 23,542	\$ 23,117

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Note 5. GM Financial Receivables and Transactions

	December 31, 2021			December 31, 2020		
	Retail	Commercial(a)	Total	Retail	Commercial(a)	Total
GM Financial receivables	\$ 58,093	\$ 6,609	\$ 64,702	\$ 51,288	\$ 8,682	\$ 59,970
Less: allowance for loan losses	(1,839)	(47)	(1,886)	(1,915)	(63)	(1,978)
GM Financial receivables, net	<u>\$ 56,254</u>	<u>\$ 6,562</u>	<u>\$ 62,816</u>	<u>\$ 49,373</u>	<u>\$ 8,619</u>	<u>\$ 57,992</u>
Fair value of GM Financial receivables utilizing Level 2 inputs			\$ 6,562			\$ 8,619
Fair value of GM Financial receivables utilizing Level 3 inputs			\$ 57,613			\$ 51,645

(a) Net of dealer cash management balances of \$1.0 billion and \$1.4 billion at December 31, 2021 and 2020. Under the cash management program, subject to certain conditions, a dealer may choose to reduce the amount of interest on its floorplan line by making principal payments to GM Financial in advance.

	Years Ended December 31,		
	2021	2020	2019
Allowance for loan losses at beginning of period	\$ 1,978	\$ 944	\$ 911
Impact of adoption ASU 2016-13	—	801	—
Provision for loan losses	248	881	726
Charge-offs	(897)	(1,169)	(1,246)
Recoveries	574	542	551
Effect of foreign currency	(17)	(21)	2
Allowance for loan losses at end of period	<u>\$ 1,886</u>	<u>\$ 1,978</u>	<u>\$ 944</u>

The decrease in the allowance for loan losses as of December 31, 2021 compared to December 31, 2020 was primarily due to a reduction in the reserve levels established at the onset of the COVID-19 pandemic. This reduction was a result of actual credit performance that was better than forecasted and favorable expectations for future charge-offs and recoveries, reflecting improved economic conditions. These decreases in the reserve levels were partially offset by reserves established for loans originated during the year ended December 31, 2021.

**Retail Finance Receivables** GM Financial's retail finance receivable portfolio includes loans made to consumers and businesses to finance the purchase of vehicles for personal and commercial use. The following tables are consolidated summaries of the retail finance receivables by FICO score or its equivalent, determined at origination, for each vintage of the retail finance receivables portfolio at December 31, 2021 and 2020:

	Year of Origination						December 31, 2021	
	2021	2020	2019	2018	2017	Prior	Total	Percent
Prime – FICO score 680 and greater	\$19,729	\$12,408	\$ 4,078	\$ 2,298	\$ 763	\$ 143	\$39,419	67.9 %
Near-prime – FICO score 620 to 679	3,856	2,388	1,229	648	274	84	8,479	14.6 %
Sub-prime – FICO score less than 620	4,053	2,528	1,777	972	570	295	10,195	17.5 %
Retail finance receivables, net of fees	<u>\$27,638</u>	<u>\$17,324</u>	<u>\$ 7,084</u>	<u>\$ 3,918</u>	<u>\$ 1,607</u>	<u>\$ 522</u>	<u>\$58,093</u>	<u>100.0 %</u>

	Year of Origination						December 31, 2020	
	2020	2019	2018	2017	2016	Prior	Total	Percent
Prime – FICO score 680 and greater	\$18,685	\$ 7,033	\$ 4,491	\$ 1,917	\$ 555	\$ 119	\$32,800	64.0 %
Near-prime – FICO score 620 to 679	3,695	2,097	1,232	603	225	83	7,935	15.4 %
Sub-prime – FICO score less than 620	3,803	2,920	1,740	1,173	610	307	10,553	20.6 %
Retail finance receivables, net of fees	<u>\$26,183</u>	<u>\$12,050</u>	<u>\$ 7,463</u>	<u>\$ 3,693</u>	<u>\$ 1,390</u>	<u>\$ 509</u>	<u>\$51,288</u>	<u>100.0 %</u>

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

GM Financial reviews the ongoing credit quality of retail finance receivables based on customer payment activity. A retail account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date the payment was contractually due. Retail finance receivables are collateralized by vehicle titles and, subject to local laws, GM Financial generally has the right to repossess the vehicle in the event the customer defaults on the payment terms of the contract. The accrual of finance charge income had been suspended on delinquent retail finance receivables with contractual amounts due of \$602 million and \$714 million at December 31, 2021 and 2020. The following tables are consolidated summaries of the delinquency status of the outstanding amortized cost of retail finance receivables for each vintage of the portfolio at December 31, 2021 and 2020:

	Year of Origination						December 31, 2021	
	2021	2020	2019	2018	2017	Prior	Total	Percent
0-to-30 days	\$ 27,270	\$ 16,945	\$ 6,772	\$ 3,721	\$ 1,478	\$ 440	\$ 56,626	97.5 %
31-to-60 days	273	276	230	147	97	60	1,083	1.8 %
Greater-than-60 days	83	93	76	46	30	21	349	0.6 %
Finance receivables more than 30 days delinquent	356	369	306	193	127	81	1,432	2.4 %
In repossession	12	10	6	4	2	1	35	0.1 %
Finance receivables more than 30 days delinquent or in repossession	368	379	312	197	129	82	1,467	2.5 %
Retail finance receivables, net of fees	<u>\$ 27,638</u>	<u>\$ 17,324</u>	<u>\$ 7,084</u>	<u>\$ 3,918</u>	<u>\$ 1,607</u>	<u>\$ 522</u>	<u>\$ 58,093</u>	<u>100.0 %</u>

	Year of Origination						December 31, 2020	
	2020	2019	2018	2017	2016	Prior	Total	Percent
0-to-30 days	\$ 25,894	\$ 11,591	\$ 7,131	\$ 3,454	\$ 1,249	\$ 421	\$ 49,740	97.0 %
31-to-60 days	210	325	235	170	102	61	1,103	2.1 %
Greater-than-60 days	72	123	90	64	37	26	412	0.8 %
Finance receivables more than 30 days delinquent	282	448	325	234	139	87	1,515	2.9 %
In repossession	7	11	7	5	2	1	33	0.1 %
Finance receivables more than 30 days delinquent or in repossession	289	459	332	239	141	88	1,548	3.0 %
Retail finance receivables, net of fees	<u>\$ 26,183</u>	<u>\$ 12,050</u>	<u>\$ 7,463</u>	<u>\$ 3,693</u>	<u>\$ 1,390</u>	<u>\$ 509</u>	<u>\$ 51,288</u>	<u>100.0 %</u>

The outstanding amortized cost of retail finance receivables that are considered TDRs was \$1.9 billion and \$2.2 billion, including \$219 million and \$301 million in nonaccrual loans at December 31, 2021 and 2020.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Commercial Finance Receivables** GM Financial's commercial finance receivables consist of dealer financings, primarily for dealer inventory purchases. Proprietary models are used to assign a risk rating to each dealer. GM Financial performs periodic credit reviews of each dealership and adjusts the dealership's risk rating, if necessary. There were no commercial finance receivables on nonaccrual status at December 31, 2021 and an insignificant amount at December 31, 2020.

GM Financial's commercial risk model and risk rating categories are as follows:

Rating	Description
I	Performing accounts with strong to acceptable financial metrics with at least satisfactory capacity to meet financial commitments.
II	Performing accounts experiencing potential weakness in financial metrics and repayment prospects resulting in increased monitoring.
III	Non-Performing accounts with inadequate paying capacity for current obligations and have the distinct possibility of creating a loss if deficiencies are not corrected.
IV	Non-Performing accounts with inadequate paying capacity for current obligations and inherent weaknesses that make collection of liquidation in full highly questionable or improbable.

Dealers with III and IV risk ratings are subject to additional monitoring and restrictions on funding, including suspension of lines of credit and liquidation of assets. The following tables summarize the credit risk profile by dealer risk rating of commercial finance receivables at December 31, 2021 and 2020:

	Year of Origination(a)							December 31, 2021	
	Revolving	2021	2020	2019	2018	2017	Prior	Total	Percent
I	\$ 5,210	\$ 420	\$ 396	\$ 120	\$ 50	\$ 50	\$ 10	\$ 6,256	94.7 %
II	207	3	16	12	—	3	—	241	3.6 %
III	81	8	15	2	—	2	4	112	1.7 %
IV	—	—	—	—	—	—	—	—	— %
Commercial finance receivables, net of fees	\$ 5,498	\$ 431	\$ 427	\$ 134	\$ 50	\$ 55	\$ 14	\$ 6,609	100.0 %

(a) Floorplan advances comprise 94% of the total revolving balance. Dealer term loans are presented by year of origination.

	Year of Origination(a)							December 31, 2020	
	Revolving	2020	2019	2018	2017	2016	Prior	Total	Percent
I	\$ 6,968	\$ 510	\$ 159	\$ 63	\$ 95	\$ 43	\$ 19	\$ 7,857	90.5 %
II	491	2	18	2	3	18	34	568	6.5 %
III	203	—	8	29	2	11	—	253	2.9 %
IV	—	—	—	—	—	—	4	4	0.1 %
Commercial finance receivables, net of fees	\$ 7,662	\$ 512	\$ 185	\$ 94	\$ 100	\$ 72	\$ 57	\$ 8,682	100.0 %

(a) Floorplan advances comprise 97% of the total revolving balance. Dealer term loans are presented by year of origination.

**Transactions with GM Financial** The following table shows transactions between our Automotive segments and GM Financial. These amounts are presented in GM Financial's consolidated balance sheets and statements of income.

	December 31, 2021	December 31, 2020
<b>Consolidated Balance Sheets(a)</b>		
Commercial finance receivables, net due from GM consolidated dealers	\$ 163	\$ 398
Subvention receivable(b)	\$ 282	\$ 642
Commercial loan funding payable	\$ 26	\$ 23



GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	Years Ended December 31,		
	2021	2020	2019
<b>Consolidated Statements of Income</b>			
Interest subvention earned on finance receivables	\$ 820	\$ 679	\$ 588
Leased vehicle subvention earned	\$ 2,702	\$ 3,042	\$ 3,273

(a) All balance sheet amounts are eliminated upon consolidation.

(b) Our Automotive segments made cash payments to GM Financial for subvention of \$3.3 billion, \$3.9 billion and \$4.1 billion in the years ended December 31, 2021, 2020 and 2019.

GM Financial's Board of Directors declared and paid dividends of \$3.5 billion, \$800 million and \$400 million on its common stock in the years ended December 31, 2021, 2020 and 2019.

**Note 6. Inventories**

	December 31, 2021	December 31, 2020
Total productive material, supplies and work in process	\$ 8,240	\$ 5,117
Finished product, including service parts	4,748	5,118
Total inventories	<u>\$ 12,988</u>	<u>\$ 10,235</u>

**Note 7. Operating Leases**

*Operating Leases*

Our portfolio of leases primarily consists of real estate office space, manufacturing and warehousing facilities, land and equipment. Certain leases contain escalation clauses and renewal or purchase options, and generally our leases have no residual value guarantees or material covenants. We exclude leases with a term of one year or less from our balance sheet, and do not separate non-lease components from our real estate leases.

Rent expense under operating leases was \$294 million, \$317 million and \$354 million in the years ended December 31, 2021, 2020 and 2019. Variable lease costs were insignificant in the years ended December 31, 2021, 2020 and 2019. At December 31, 2021 and 2020, operating lease right of use assets in Other assets were \$1.1 billion and \$1.0 billion, operating lease liabilities in Accrued liabilities were \$204 million and \$209 million and non-current operating lease liabilities in Other liabilities were \$1.0 billion and \$969 million. Operating lease right of use assets obtained in exchange for lease obligations were \$328 million and \$222 million in the years ended December 31, 2021 and 2020. Our undiscounted future lease obligations related to operating leases having initial terms in excess of one year are \$243 million, \$226 million, \$198 million, \$163 million, \$135 million and \$409 million for the years 2022, 2023, 2024, 2025, 2026 and thereafter, with imputed interest of \$159 million as of December 31, 2021. The weighted average discount rate was 3.5% and 4.0% and the weighted-average remaining lease term was 7.1 years and 7.4 years at December 31, 2021 and 2020. Payments for operating leases included in Net cash provided by (used in) operating activities were \$301 million, \$309 million and \$337 million in the years ended December 31, 2021, 2020 and 2019. Lease agreements that have not yet commenced were \$215 million at December 31, 2021.

*Equipment on Operating Leases*

Equipment on operating leases primarily consists of leases to retail customers of GM Financial.

	December 31, 2021	December 31, 2020
Equipment on operating leases	\$ 47,423	\$ 50,000
Less: accumulated depreciation	(9,494)	(10,181)
Equipment on operating leases, net	<u>\$ 37,929</u>	<u>\$ 39,819</u>

At December 31, 2021, the estimated residual value of our leased assets at the end of the lease term was \$29.1 billion.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Depreciation expense related to Equipment on operating leases, net was \$6.1 billion, \$7.2 billion and \$7.3 billion in the years ended December 31, 2021, 2020 and 2019.

The following table summarizes lease payments due to GM Financial on leases to retail customers:

	Years Ending December 31,						Total
	2022	2023	2024	2025	2026	Thereafter	
Lease receipts under operating leases	\$ 5,551	\$ 3,415	\$ 1,147	\$ 103	\$ —	\$ —	\$10,216

### Note 8. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which we maintain an equity ownership interest and for which we use the equity method of accounting due to our ability to exert significant influence over decisions relating to their operating and financial affairs. Revenue and expenses of our joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income.

	Years Ended December 31,		
	2021	2020	2019
Automotive China equity income	\$ 1,098	\$ 512	\$ 1,132
Other joint ventures equity income	203	162	136
Total Equity income	<u>\$ 1,301</u>	<u>\$ 674</u>	<u>\$ 1,268</u>

### Investments in Nonconsolidated Affiliates

	December 31, 2021	December 31, 2020
Automotive China carrying amount	\$ 7,156	\$ 6,599
Other investments carrying amount	2,521	1,807
Total equity in net assets of nonconsolidated affiliates	<u>\$ 9,677</u>	<u>\$ 8,406</u>

The carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by \$4.3 billion and \$4.2 billion at December 31, 2021 and 2020 primarily due to goodwill from the application of fresh-start reporting and the purchase of additional interests in nonconsolidated affiliates.

The following table summarizes our direct ownership interests in our China JVs:

	December 31, 2021	December 31, 2020
<b>Automotive China JVs</b>		
SAIC General Motors Corp., Ltd. (SGM)	50 %	50 %
Pan Asia Technical Automotive Center Co., Ltd.	50 %	50 %
SAIC General Motors Sales Co., Ltd. (SGMS)	49 %	49 %
SAIC GM Wuling Automobile Co., Ltd. (SGMW)	44 %	44 %
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40 %	40 %
SAIC GM (Shenyang) Norsom Motors Co., Ltd. (SGM Norsom)	25 %	25 %
SAIC GM Dong Yue Motors Co., Ltd. (SGM DY)	25 %	25 %
SAIC GM Dong Yue Powertrain Co., Ltd. (SGM DYPT)	25 %	25 %
<b>Other joint ventures</b>		
SAIC-GMAC Automotive Finance Company Limited (SAIC-GMAC)	35 %	35 %
SAIC-GMF Leasing Co., Ltd.	35 %	35 %

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

SGM is a joint venture we established with Shanghai Automotive Industry Corporation (SAIC) (50%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and ourselves. These four joint ventures are engaged in the production, import and sale of a range of products under the Buick, Chevrolet and Cadillac brands. SGM also has interests in Shanghai OnStar (20%), SAIC-GMAC (20%) and SAIC-GMF Leasing Co., Ltd. (20%). Shanghai Automotive Group Finance Company Ltd., a subsidiary of SAIC, owns 45% of SAIC-GMAC. SAIC Financial Holdings Company, a subsidiary of SAIC, owns 45% of SAIC-GMF Leasing Co., Ltd.

*Summarized Financial Data of Nonconsolidated Affiliates*

	December 31, 2021			December 31, 2020		
	Automotive China JVs	Others	Total	Automotive China JVs	Others	Total
<b>Summarized Balance Sheet Data</b>						
Current assets	\$ 18,176	\$ 18,166	\$ 36,342	\$ 17,604	\$ 16,844	\$ 34,448
Non-current assets	13,948	10,042	23,990	14,875	8,634	23,509
Total assets	<u>\$ 32,124</u>	<u>\$ 28,208</u>	<u>\$ 60,332</u>	<u>\$ 32,479</u>	<u>\$ 25,478</u>	<u>\$ 57,957</u>
Current liabilities	\$ 24,320	\$ 17,141	\$ 41,461	\$ 25,633	\$ 14,808	\$ 40,441
Non-current liabilities	1,223	5,607	6,830	1,163	6,654	7,817
Total liabilities	<u>\$ 25,543</u>	<u>\$ 22,748</u>	<u>\$ 48,291</u>	<u>\$ 26,796</u>	<u>\$ 21,462</u>	<u>\$ 48,258</u>
Noncontrolling interests	\$ 867	\$ —	\$ 867	\$ 824	\$ 1	\$ 825

	Years Ended December 31,		
	2021	2020	2019
<b>Summarized Operating Data</b>			
Automotive China JVs' net sales	\$ 42,776	\$ 38,736	\$ 39,123
Others' net sales	2,017	1,850	1,815
Total net sales	<u>\$ 44,793</u>	<u>\$ 40,586</u>	<u>\$ 40,938</u>
Automotive China JVs' net income	\$ 2,109	\$ 1,239	\$ 2,258
Others' net income	587	436	477
Total net income	<u>\$ 2,696</u>	<u>\$ 1,675</u>	<u>\$ 2,735</u>

**Transactions with Nonconsolidated Affiliates** Our nonconsolidated affiliates are involved in various aspects of the development, production and marketing of trucks, crossovers, cars and automobile parts. We enter into transactions with certain nonconsolidated affiliates to purchase and sell component parts and vehicles. The following tables summarize transactions with and balances related to our nonconsolidated affiliates:

	Years Ended December 31,		
	2021	2020	2019
Automotive sales and revenue	\$ 227	\$ 235	\$ 199
Automotive purchases, net	\$ 1,551	\$ 165	\$ 1,065
Dividends received	\$ 783	\$ 1,198	\$ 1,852
Operating cash flows	\$ (616)	\$ 1,473	\$ 913

	December 31, 2021	December 31, 2020
Accounts and notes receivable, net	\$ 1,004	\$ 954
Accounts payable	\$ 555	\$ 494
Undistributed earnings	\$ 2,111	\$ 1,594

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

**Note 9. Property**

	<b>Estimated Useful Lives in Years</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Land		\$ 1,301	\$ 1,339
Buildings and improvements	5-40	10,542	9,671
Machinery and equipment	3-27	31,444	30,013
Special tools	1-13	23,719	20,851
Construction in progress		5,395	3,581
Total property		72,401	65,455
Less: accumulated depreciation		(31,286)	(27,823)
Total property, net		\$ 41,115	\$ 37,632

The amount of capitalized software included in Property, net was \$1.4 billion and \$1.3 billion at December 31, 2021 and 2020. The amount of interest capitalized and excluded from Automotive interest expense related to Property, net was insignificant in the years ended December 31, 2021, 2020 and 2019.

	<b>Years Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Depreciation and amortization expense	\$ 5,829	\$ 5,354	\$ 6,541
Impairment charges	\$ —	\$ 86	\$ 7
Capitalized software amortization expense(a)	\$ 515	\$ 457	\$ 452

(a) Included in depreciation and amortization expense.

**Note 10. Goodwill and Intangible Assets**

Goodwill of \$1.9 billion consisted of \$1.3 billion in GM Financial and \$574 million and \$567 million in Cruise at December 31, 2021 and 2020.

	<b>December 31, 2021</b>			<b>December 31, 2020</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Technology and intellectual property	\$ 764	\$ 555	\$ 209	\$ 762	\$ 542	\$ 220
Brands	4,296	1,550	2,746	4,300	1,444	2,856
Dealer network, customer relationships and other	966	748	218	981	737	244
Total intangible assets	\$ 6,026	\$ 2,853	\$ 3,173	\$ 6,043	\$ 2,723	\$ 3,320

Our amortization expense related to intangible assets was \$141 million, \$144 million and \$202 million in the years ended December 31, 2021, 2020 and 2019.

Amortization expense related to intangible assets is estimated to be approximately \$165 million in each of the next five years.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### Note 11. Variable Interest Entities

#### Consolidated VIEs

##### Automotive Financing - GM Financial

GM Financial uses special purpose entities (SPEs) that are considered VIEs to issue variable funding notes to third party bank-sponsored warehouse facilities or asset-backed securities to investors in securitization transactions. The debt issued by these VIEs is backed by finance receivables and leasing-related assets transferred to the VIEs (Securitized Assets). GM Financial determined that it is the primary beneficiary of the SPEs because 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 the variable interests in the VIEs give GM Financial the obligation to absorb losses and the right to receive residual returns that could potentially be significant. The assets of the VIEs serve as the sole source of repayment for the debt issued by these entities. Investors in the notes issued by the VIEs do not have recourse to GM Financial or its other assets, with the exception of customary representation and warranty repurchase provisions and indemnities that GM Financial provides as the servicer. GM Financial is not required to provide additional financial support to these SPEs. While these subsidiaries are included in GM Financial's consolidated financial statements, they are separate legal entities and their assets are legally owned by them and are not available to GM Financial's creditors.

The following table summarizes the assets and liabilities related to GM Financial's consolidated VIEs:

	December 31, 2021	December 31, 2020
Restricted cash – current	\$ 2,291	\$ 2,190
Restricted cash – non-current	\$ 449	\$ 449
GM Financial receivables, net of fees – current	\$ 15,344	\$ 17,211
GM Financial receivables, net of fees – non-current	\$ 16,518	\$ 15,107
GM Financial equipment on operating leases, net	\$ 16,143	\$ 16,322
GM Financial short-term debt and current portion of long-term debt	\$ 19,876	\$ 20,450
GM Financial long-term debt	\$ 19,401	\$ 18,974

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 loan losses expected over the remaining life of the finance receivables.

#### Nonconsolidated VIEs

##### Automotive

Nonconsolidated VIEs principally include automotive related operating entities to which we provided financial support to ensure that our supply needs for production are met or are not disrupted. Our variable interests in these nonconsolidated VIEs include equity investments, accounts and loans receivable, committed financial support and other off-balance sheet arrangements. The carrying amounts of assets were \$846 million and liabilities were insignificant related to our nonconsolidated VIEs at December 31, 2021. The carrying amounts of assets and liabilities related to our nonconsolidated VIEs were insignificant at December 31, 2020. Our maximum exposure to loss as a result of our involvement with these VIEs was \$2.1 billion and \$1.2 billion, inclusive of \$1.2 billion and \$776 million in committed capital contributions to Ultium Cells LLC at December 31, 2021 and 2020. We currently lack the power through voting or similar rights to direct the activities of these entities that most significantly affect their economic performance.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Note 12. Accrued and Other Liabilities

	December 31, 2021	December 31, 2020
<b>Accrued liabilities</b>		
Dealer and customer allowances, claims and discounts	\$ 3,211	\$ 7,300
Deferred revenue	2,461	3,132
Product warranty and related liabilities	3,769	3,048
Payrolls and employee benefits excluding postemployment benefits	2,937	1,864
Other	7,919	7,725
Total accrued liabilities	<u>\$ 20,297</u>	<u>\$ 23,069</u>
<b>Other liabilities</b>		
Deferred revenue	\$ 3,010	\$ 2,715
Product warranty and related liabilities	6,005	5,193
Operating lease liabilities	1,012	969
Employee benefits excluding postemployment benefits	622	822
Postemployment benefits including facility idling reserves	775	739
Other	3,661	3,009
Total other liabilities	<u>\$ 15,085</u>	<u>\$ 13,447</u>

	Years Ended December 31,		
	2021	2020	2019
<b>Product Warranty and Related Liabilities</b>			
Warranty balance at beginning of period	\$ 8,242	\$ 7,798	\$ 7,590
Warranties issued and assumed in period – recall campaigns	2,820	1,628	745
Warranties issued and assumed in period – product warranty	1,665	1,773	2,001
Payments	(3,249)	(2,986)	(3,012)
Adjustments to pre-existing warranties	315	41	455
Effect of foreign currency and other	(19)	(12)	19
Warranty balance at end of period	9,774	8,242	7,798
Less: Supplier recoveries balance at end of period(a)	2,039	224	241
Warranty balance, net of supplier recoveries at end of period	<u>\$ 7,735</u>	<u>\$ 8,018</u>	<u>\$ 7,557</u>

(a) The current portion of supplier recoveries is recorded in Accounts and notes receivable, net of allowance and the non-current portion is recorded in Other assets.

	Years Ended December 31,		
	2021	2020	2019
<b>Product warranty expense, net of recoveries</b>			
Warranties issued and assumed in period	\$ 4,485	\$ 3,401	\$ 2,746
Supplier recoveries accrued in period	(2,175)	(322)	(433)
Adjustments and other	296	29	474
Warranty expense, net of supplier recoveries	<u>\$ 2,606</u>	<u>\$ 3,108</u>	<u>\$ 2,787</u>

In the year ended December 31, 2021, we recorded warranty recall campaign accruals of \$2.8 billion, of which \$2.0 billion related to the Chevrolet Bolt recall. In addition, we reached an agreement with LG Electronics, Inc. (LG) under which LG will reimburse GM for costs and expenses associated with the recall, which substantially offsets the warranty charges we recognized in connection with the recall. Refer to Note 16 to our consolidated financial statements for more details on the Chevrolet Bolt



# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

recall and associated supplier recovery. We estimate our reasonably possible loss in excess of amounts accrued for recall campaigns to be insignificant at December 31, 2021.

### Note 13. Debt

**Automotive** The following table presents debt in our automotive operations:

	December 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Secured debt	\$ 192	\$ 212	\$ 303	\$ 332
Unsecured debt(a)	16,277	19,995	16,929	20,988
Finance lease liabilities	349	362	237	256
Total automotive debt(b)	<u>\$ 16,818</u>	<u>\$ 20,569</u>	<u>\$ 17,469</u>	<u>\$ 21,576</u>
Fair value utilizing Level 1 inputs		\$ 19,085		\$ 19,826
Fair value utilizing Level 2 inputs		\$ 1,484		\$ 1,750
Available under credit facility agreements(c)		\$ 15,208		\$ 18,222
Weighted-average interest rate on outstanding short-term debt(d)		9.8 %		3.8 %
Weighted-average interest rate on outstanding long-term debt(d)		5.8 %		5.6 %

(a) Primarily consists of senior notes.

(b) Includes net discount and debt issuance costs of \$512 million and \$540 million at December 31, 2021 and 2020.

(c) Excludes our 364-day, \$2.0 billion facility designated for exclusive use by GM Financial.

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

In April 2021, we increased the total borrowing capacity of our five-year, \$10.5 billion facility to \$11.2 billion and extended the termination date for a \$9.9 billion portion of the five-year facility by three years, now set to mature on April 18, 2026. The termination date of April 18, 2023 for the remaining portion of the five-year facility remains unchanged. We also renewed and increased the total borrowing capacity of our three-year, \$4.0 billion facility to \$4.3 billion, which now matures on April 7, 2024, and renewed our 364-day, \$2.0 billion facility allocated for exclusive use by GM Financial, which now matures on April 6, 2022. We also terminated a separate 364-day, \$2.0 billion revolving credit facility, entered into in May 2020. Additionally, the prior restrictions on share repurchases and dividends on our common shares were removed upon entrance into the renewed three-year, \$4.3 billion facility.

In September 2021, we repaid \$450 million of our floating rate senior unsecured debt upon maturity. In December 2021, we terminated our three-year, \$2.0 billion transformation facility that was scheduled to mature in January 2022.

**GM Financial** The following table presents debt of GM Financial:

	December 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Secured debt	\$ 39,338	\$ 39,401	\$ 39,982	\$ 40,380
Unsecured debt	53,223	54,357	52,443	54,568
Total GM Financial debt	<u>\$ 92,561</u>	<u>\$ 93,758</u>	<u>\$ 92,425</u>	<u>\$ 94,948</u>
Fair value utilizing Level 2 inputs		\$ 92,250		\$ 92,922
Fair value utilizing Level 3 inputs		\$ 1,508		\$ 2,026

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 assets. Refer to Note 11 for additional information on GM Financial's involvement with VIEs. GM Financial is required to hold certain funds in restricted cash accounts to provide

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

additional collateral for borrowings under certain secured credit facilities. The weighted-average interest rate on secured debt was 1.27% at December 31, 2021. The revolving credit facilities have maturity dates ranging from 2022 to 2027 and securitization notes payable have maturity dates ranging from 2022 to 2034. At the end of the revolving period, if not renewed, the debt of revolving credit facilities will amortize over a defined period. In the year ended December 31, 2021, GM Financial renewed revolving credit facilities with total borrowing capacity of \$25.8 billion and issued \$23.3 billion in aggregate principal amount of securitization notes payable with an initial weighted average interest rate of 0.79% and maturity dates ranging from 2022 to 2034.

Unsecured debt consists of senior notes, credit facilities and other unsecured debt. Senior notes outstanding at December 31, 2021 have maturity dates ranging from 2022 to 2031 and have a weighted-average interest rate of 2.77%. In the year ended December 31, 2021, GM Financial issued \$12.2 billion in aggregate principal amount of senior notes with an initial weighted average interest rate of 1.62% and maturity dates ranging from 2024 to 2031.

In September 2021, GM Financial redeemed \$1.5 billion in aggregate principal amount of 5.2% senior notes due in 2023. The redemption resulted in a \$105 million loss on the early extinguishment of debt. The loss is included in GM Financial interest, operating and other expenses.

In January 2022, GM Financial issued \$2.6 billion in senior notes with a weighted average interest rate of 2.57% and maturity dates ranging from 2027 to 2032.

Unsecured credit facilities and other unsecured debt have original maturities of up to four years. The weighted-average interest rate on these credit facilities and other unsecured debt was 2.69% at December 31, 2021.

	Years Ended December 31,		
	2021	2020	2019
Automotive interest expense	\$ 950	\$ 1,098	\$ 782
Automotive Financing - GM Financial interest expense	2,546	3,023	3,641
Total interest expense	<u>\$ 3,496</u>	<u>\$ 4,121</u>	<u>\$ 4,423</u>

The following table summarizes contractual maturities including finance leases at December 31, 2021:

	Automotive	Automotive Financing	Total
2022	\$ 463	\$ 33,333	\$ 33,796
2023	2,814	20,277	23,091
2024	84	13,317	13,401
2025	2,570	8,658	11,228
2026	57	6,081	6,138
Thereafter	11,342	10,871	22,213
	<u>\$ 17,330</u>	<u>\$ 92,537</u>	<u>\$ 109,867</u>

**Compliance with Debt Covenants** Several of our loan facilities, including our revolving credit facilities, require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Certain of GM Financial's secured debt agreements also contain various covenants, including maintaining portfolio performance ratios as well as limits on deferment levels. GM Financial's unsecured debt obligations contain covenants including limitations on GM Financial's ability to incur certain liens. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability or GM Financial's ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2021.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Note 14. Derivative Financial Instruments**

**Automotive** The following table presents the notional amounts of derivative financial instruments in our automotive operations:

	Fair Value Level	December 31, 2021	December 31, 2020
<b>Derivatives not designated as hedges(a)</b>			
Foreign currency	2	\$ 4,228	\$ 2,195
Commodity	2	1,549	341
Stellantis warrants, formerly known as PSA warrants(b)	2	45	49
Total derivative financial instruments		<u>\$ 5,822</u>	<u>\$ 2,585</u>

- (a) The fair value of these derivative instruments at December 31, 2021 and 2020 and the gains/losses included in our consolidated income statements for the years ended December 31, 2021, 2020 and 2019 were insignificant, unless otherwise noted.
- (b) As a result of the merger of Peugeot, S.A. (PSA Group) and Fiat Chrysler Automobiles N.V. on January 16, 2021, our 39.7 million warrants in Stellantis will convert into 69.2 million common shares of Stellantis upon exercise, subject to the original contractual lockup period of five years. These warrants will continue to be governed by the same terms and conditions that were applicable prior to the merger. The fair value of these warrants, located in Other assets, was \$1.4 billion and \$1.1 billion at December 31, 2021 and 2020. We recorded gains in Interest income and other non-operating income, net of \$316 million, \$139 million and \$154 million for the years ended December 31, 2021, 2020 and 2019.

**GM Financial** The following table presents the gross fair value amounts of GM Financial's derivative financial instruments and the associated notional amounts:

	Fair Value Level	December 31, 2021			December 31, 2020		
		Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
<b>Derivatives designated as hedges(a)</b>							
Fair value hedges							
Interest rate swaps	2	\$ 15,058	\$ 74	\$ 88	\$ 10,064	\$ 463	\$ 13
Foreign currency swaps	2	682	—	59	1,958	128	9
Cash flow hedges							
Interest rate swaps	2	611	12	4	921	—	27
Foreign currency swaps	2	7,419	85	201	5,626	278	47
<b>Derivatives not designated as hedges(a)</b>							
Interest rate contracts	2	110,053	846	339	110,997	954	576
Foreign currency contracts	2	148	—	—	—	—	—
Total derivative financial instruments(b)		<u>\$ 133,971</u>	<u>\$ 1,017</u>	<u>\$ 691</u>	<u>\$ 129,566</u>	<u>\$ 1,823</u>	<u>\$ 672</u>

- (a) The gains/losses included in our consolidated income statements and statements of comprehensive income for the years ended December 31, 2021, 2020 and 2019 were insignificant, unless otherwise noted. Amounts accrued for interest payments in a net receivable position are included in Other assets. Amounts accrued for interest payments in a net payable position are included in Other liabilities.
- (b) GM Financial held \$376 million and \$728 million of collateral from counterparties available for netting against GM Financial's asset positions, and posted an insignificant amount of collateral to counterparties available for netting against GM Financial's liability positions at December 31, 2021 and 2020.

The fair value for Level 2 instruments was derived using the market approach based on observable market inputs including quoted prices of similar instruments and foreign exchange and interest rate forward curves.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following amounts were recorded in the consolidated balance sheets related to items designated and qualifying as hedged items in fair value hedging relationships:

	December 31, 2021		December 31, 2020	
	Carrying Amount of Hedged Items	Cumulative Amount of Fair Value Hedging Adjustments(a)	Carrying Amount of Hedged Items	Cumulative Amount of Fair Value Hedging Adjustments(a)
Short-term unsecured debt	\$ 1,338	\$ (1)	\$ 4,858	\$ (69)
Long-term unsecured debt	23,626	(225)	18,457	(670)
GM Financial unsecured debt	\$ 24,964	\$ (226)	\$ 23,315	\$ (739)

(a) Includes \$246 million and \$200 million of unamortized gains remaining on hedged items for which hedge accounting has been discontinued at December 31, 2021 and 2020.

### Note 15. Pensions and Other Postretirement Benefits

#### Employee Pension and Other Postretirement Benefit Plans

**Defined Benefit Pension Plans** Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 2007) and Canadian hourly employees (hired prior to October 2016) generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. Accrual of defined pension benefits ceased in 2012 for U.S. and Canadian salaried employees. There is also an unfunded nonqualified pension plan primarily covering U.S. executives for service prior to January 1, 2007 and it is based on an “excess plan” for service after that date.

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable laws and regulations or to directly pay benefit payments where appropriate. In the year ended December 31, 2021 all legal funding requirements were met. The following table summarizes contributions made to the defined benefit pension plans:

	Years Ended December 31,		
	2021	2020	2019
U.S. hourly and salaried	\$ 67	\$ 68	\$ 83
Non-U.S.	371	396	532
Total	\$ 438	\$ 464	\$ 615

We expect to contribute approximately \$70 million to our U.S. non-qualified plans and approximately \$500 million to our non-U.S. pension plans in 2022.

Based on our current assumptions, over the next five years we expect no significant mandatory contributions to our U.S. qualified pension plans and mandatory contributions totaling \$290 million to our U.K. and Canada pension plans.

**Other Postretirement Benefit Plans** Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs. We made contributions to the U.S. OPEB plans of \$351 million, \$343 million and \$326 million in the years ended December 31, 2021, 2020 and 2019. Plan participants' contributions were insignificant in the years ended December 31, 2021, 2020 and 2019.

**Defined Contribution Plans** We have defined contribution plans for eligible U.S. salaried and hourly employees that provide discretionary matching contributions. Contributions are also made to certain non-U.S. defined contribution plans. We made contributions to our defined contribution plans of \$606 million, \$573 million and \$537 million in the years ended December 31, 2021, 2020 and 2019.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Significant Plan Amendments, Benefit Modifications and Related Events

**Other Remeasurements** The SOA issued mortality improvement tables in the three months ended December 31, 2021 and December 31, 2020. We reviewed our recent mortality experience and we determined our current mortality assumptions are appropriate to measure our U.S. pension and OPEB plans obligations as of December 31, 2021. In 2020, we incorporated the SOA mortality improvement tables into our December 31, 2020 measurement of U.S. pension and OPEB plans' benefit obligations. The change in these assumptions decreased U.S. pension and OPEB plans' obligations by \$686 million as of December 31, 2020.

Pension and OPEB Obligations and Plan Assets

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans
	U.S.	Non-U.S.		U.S.	Non-U.S.	
<b>Change in benefit obligations</b>						
Beginning benefit obligation	\$ 66,468	\$ 20,807	\$ 6,656	\$ 64,684	\$ 21,398	\$ 6,304
Service cost	187	109	18	177	133	19
Interest cost	1,074	236	123	1,716	362	173
Actuarial (gains) losses	(2,564)	(1,015)	(282)	4,757	1,506	551
Benefits paid	(4,414)	(1,151)	(424)	(4,600)	(1,132)	(408)
Foreign currency translation adjustments	—	(509)	4	—	870	(3)
Curtailments, settlements and other	(543)	(163)	29	(266)	(2,330)	20
Ending benefit obligation	60,208	18,314	6,124	66,468	20,807	6,656
<b>Change in plan assets</b>						
Beginning fair value of plan assets	61,077	13,846	—	59,239	14,961	—
Actual return on plan assets	3,734	602	—	6,635	1,573	—
Employer contributions	67	371	400	68	396	387
Benefits paid	(4,414)	(1,151)	(424)	(4,600)	(1,132)	(408)
Foreign currency translation adjustments	—	10	—	—	389	—
Settlements and other	(543)	(157)	24	(265)	(2,341)	21
Ending fair value of plan assets	59,921	13,521	—	61,077	13,846	—
Ending funded status	\$ (287)	\$ (4,793)	\$ (6,124)	\$ (5,391)	\$ (6,961)	\$ (6,656)
<b>Amounts recorded in the consolidated balance sheets</b>						
Non-current assets	\$ 1,896	\$ 1,440	\$ —	\$ —	\$ 980	\$ —
Current liabilities	(70)	(338)	(381)	(66)	(364)	(379)
Non-current liabilities	(2,113)	(5,895)	(5,743)	(5,325)	(7,577)	(6,277)
Net amount recorded	\$ (287)	\$ (4,793)	\$ (6,124)	\$ (5,391)	\$ (6,961)	\$ (6,656)
<b>Amounts recorded in Accumulated other comprehensive loss</b>						
Net actuarial loss	\$ (13)	\$ (3,675)	\$ (1,439)	\$ (3,256)	\$ (5,123)	\$ (1,823)
Net prior service (cost) credit	7	(54)	15	11	(60)	20
Total recorded in Accumulated other comprehensive loss	\$ (6)	\$ (3,729)	\$ (1,424)	\$ (3,245)	\$ (5,183)	\$ (1,803)

In the year ended December 31, 2021, the decrease in benefit plan obligations was primarily due to a decrease in actuarial losses experienced by all plans as a result of an increase in discount rates.

In the year ended December 31, 2020, the increase in benefit plan obligations was primarily due to an increase in actuarial losses experienced by all plans as a result of a decrease in discount rates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	December 31, 2021		December 31, 2020	
	U.S.	Non-U.S.	U.S.	Non-U.S.
ABO	\$ 60,188	\$ 18,244	\$ 66,448	\$ 20,721
<b>Plans with ABO in excess of plan assets</b>				
ABO	\$ 8,396	\$ 6,464	\$ 66,448	\$ 12,042
Fair value of plan assets	\$ 6,233	\$ 300	\$ 61,077	\$ 4,185
<b>Plans with PBO in excess of plan assets</b>				
PBO	\$ 8,415	\$ 6,533	\$ 66,468	\$ 12,128
Fair value of plan assets	\$ 6,223	\$ 300	\$ 61,077	\$ 4,186

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

	Year Ended December 31, 2021			Year Ended December 31, 2020			Year Ended December 31, 2019		
	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans
	U.S.	Non-U.S.		U.S.	Non-U.S.		U.S.	Non-U.S.	
<b>Components of expense</b>									
Service cost	\$ 260	\$ 121	\$ 18	\$ 251	\$ 145	\$ 19	\$ 393	\$ 132	\$ 17
Interest cost	1,074	236	123	1,716	362	173	2,264	456	220
Expected return on plan assets	(3,178)	(610)	—	(3,267)	(675)	—	(3,483)	(786)	—
Amortization of net actuarial losses	26	212	97	16	171	74	11	122	30
Curtailments, settlements and other	15	7	(6)	17	241	(8)	21	142	(23)
Net periodic pension and OPEB (income) expense	\$(1,803)	\$ (34)	\$232	\$(1,267)	\$ 244	\$258	\$(794)	\$ 66	\$244
<b>Weighted-average assumptions used to determine benefit obligations(a)</b>									
Discount rate	2.78 %	2.13 %	2.97 %	2.37 %	1.62 %	2.53 %	3.20 %	2.16 %	3.24 %
<b>Weighted-average assumptions used to determine net expense(a)</b>									
Discount rate	1.86 %	2.38 %	2.24 %	2.84 %	2.80 %	3.00 %	3.92 %	3.36 %	4.07 %
Expected rate of return on plan assets	5.63 %	4.67 %	N/A	5.88 %	4.96 %	N/A	6.37 %	5.76 %	N/A

(a) The rate of compensation increase and the cash balance interest crediting rates do not have a significant effect on our U.S. pension and OPEB plans.

The non-service cost components of the net periodic pension and OPEB income are presented in Interest income and other non-operating income, net. Refer to Note 19 for additional information.

U.S. pension plan service cost includes administrative expenses and Pension Benefit Guarantee Corporation premiums were insignificant for the years ended December 31, 2021 and 2020 and \$214 million for the year ended December 31, 2019. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements. Non-U.S. pension plan administrative expenses included in service cost were insignificant in the years ended December 31, 2021, 2020 and 2019.

In the three months ended December 31, 2020, we completed a \$1.5 billion annuity purchase for salaried retirees in Canada. This resulted in a non-operating pension settlement charge of \$130 million.



# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### Assumptions

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

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

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

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

In December 2021, an investment policy study was completed for the U.S. pension plans. As a result of changes to our capital market assumptions, the weighted-average long-term rate of return on assets decreased from 5.6% at December 31, 2020 to 5.4% at December 31, 2021. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

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

	December 31, 2021		December 31, 2020	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity	9 %	14 %	12 %	16 %
Debt	68 %	69 %	64 %	66 %
Other(a)	23 %	17 %	24 %	18 %
Total	100 %	100 %	100 %	100 %

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Assets and Fair Value Measurements** The following tables summarize the fair value of U.S. and non-U.S. defined benefit pension plan assets by asset class:

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>U.S. Pension Plan Assets</b>								
Common and preferred stocks	\$2,554	\$ —	\$ —	\$2,554	\$7,429	\$ —	\$ 1	\$7,430
Government and agency debt securities(a)	—	14,924	—	14,924	—	13,231	—	13,231
Corporate and other debt securities	—	26,064	—	26,064	—	26,475	—	26,475
Other investments, net(b)(c)	421	21	246	688	(834)	(8)	427	(415)
		\$41,009				\$39,698		
Net plan assets subject to leveling	<u>\$2,975</u>	<u></u>	<u>\$ 246</u>	44,230	<u>\$6,595</u>	<u></u>	<u>\$ 428</u>	46,721
<b>Plan assets measured at net asset value</b>								
Investment funds				7,304				7,534
Private equity and debt investments				4,415				3,137
Real estate investments				<u>3,604</u>				<u>3,061</u>
Total plan assets measured at net asset value				15,323				13,732
Other plan assets, net(d)				<u>368</u>				<u>624</u>
				\$59,921				\$61,077
<b>Net plan assets</b>				<u></u>				<u></u>

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Non-U.S. Pension Plan Assets</b>								
Common and preferred stocks	\$ 372	\$ —	\$ —	\$ 372	\$ 572	\$ —	\$ —	\$ 572
Government and agency debt securities(a)	—	3,084	—	3,084	—	3,178	—	3,178
Corporate and other debt securities	—	3,379	2	3,381	—	2,762	—	2,762
Other investments, net(b)(c)	52	(66)	116	102	31	(79)	127	79
Net plan assets subject to leveling	<u>\$ 424</u>	<u>\$6,397</u>	<u>\$ 118</u>	6,939	<u>\$ 603</u>	<u>\$5,861</u>	<u>\$ 127</u>	6,591
<b>Plan assets measured at net asset value</b>								
Investment funds				4,963				5,870
Private equity and debt investments				593				489
Real estate investments				<u>989</u>				<u>917</u>
Total plan assets measured at net asset value				6,545				7,276
Other plan assets (liabilities), net(d)				<u>37</u>				<u>(21)</u>
				\$13,521				\$13,846
<b>Net plan assets</b>				<u></u>				<u></u>

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

(b) Includes net derivative assets (liabilities).

(c) Level 1 Other investments, net includes derivative liabilities approximating \$1.0 billion related to equity option and futures contracts at December 31, 2020.

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

(e) Level 2 Other investments, net includes Canadian repurchase agreements.

The activity attributable to U.S. and non-U.S. Level 3 defined benefit pension plan investments was insignificant in the years ended December 31, 2021 and 2020.

**Investment Fund Strategies** Investment funds include hedge funds, funds of hedge funds, equity funds and fixed income funds. Hedge funds and funds of hedge funds managers typically seek to achieve their objectives by allocating capital across a

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

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

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

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

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

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

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

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

	Pension Benefits		Global OPEB Plans
	U.S. Plans	Non-U.S. Plans	
2022	\$ 4,679	\$ 1,086	\$ 381
2023	\$ 4,443	\$ 1,011	\$ 365
2024	\$ 4,335	\$ 988	\$ 361
2025	\$ 4,226	\$ 972	\$ 357
2026	\$ 4,112	\$ 946	\$ 354
2027 - 2031	\$ 18,553	\$ 4,448	\$ 1,727

#### Note 16. Commitments and Contingencies

**Litigation-Related Liability and Tax Administrative Matters** In the normal course of our business, we are named from time to time as a defendant in various legal actions, including arbitrations, class actions and other litigation. We identify below the material individual proceedings and investigations where 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 December 31, 2021 and 2020, we had accruals of \$1.4 billion and \$1.2 billion in Accrued liabilities and Other liabilities. In many matters, it is inherently difficult to

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

determine whether loss is probable or reasonably possible or to estimate the size or range of the possible loss. Accordingly adverse outcomes from such proceedings could exceed the amounts accrued by an amount that could be material to our results of operations or cash flows in any particular reporting period.

**GM Korea Wage Litigation** GM Korea Company (GM Korea) is party to litigation with current and former salaried employees over whether to include fixed bonuses in the calculation of Ordinary Wages due under Korean regulations. In 2017, the Seoul High Court (an intermediate-level appellate court) held that certain workers are not barred from filing retroactive wage claims. GM Korea appealed this ruling to the Korea Supreme Court. In June 2021, the Korea Supreme Court affirmed the adverse rulings of the Seoul High Court. Accordingly, as of December 31, 2021, our total accrual relating to this matter was insignificant and we estimate our reasonably possible loss in excess of amounts accrued to be insignificant.

GM Korea is also party to litigation with current and former subcontract workers over allegations that they are entitled to the same wages and benefits provided to full-time employees, and to be hired as full-time employees. In May 2018 and September 2020, the Korean labor authorities issued adverse administrative orders finding that GM Korea must hire certain current subcontract workers as full-time employees. GM Korea appealed the May 2018 and September 2020 orders. In June 2020, the Seoul High Court ruled against GM Korea in one of the subcontract worker claims. GM Korea has appealed this decision to the Korea Supreme Court. At December 31, 2021, our accrual covering certain asserted claims and claims that we believe are probable of assertion and for which liability is probable was approximately \$281 million. We estimate the reasonably possible loss in excess of amounts accrued for other current subcontract workers who may assert similar claims to be approximately \$111 million at December 31, 2021. We are currently unable to estimate any possible loss or range of loss that may result from additional claims that may be asserted by former subcontract workers.

**GM Brazil Indirect Tax Claim** In 2019, the Superior Court of Brazil rendered favorable decisions on three cases brought by GM Brazil that granted the Company the right to recover certain tax overpayments collected by the government. As a result, GM Brazil recorded pre-tax recoveries of \$1.4 billion in the year ended December 31, 2019. GM Brazil is currently realizing those recoveries as there are federal tax liabilities eligible for offset. On August 12, 2021, the Brazilian Supreme Court published its final decision on a Motion of Clarification filed by the Brazilian IRS in a related case that confirmed GM Brazil's right to recover the tax overpayments retroactively. GM is also engaged in settlement negotiations with certain third parties who have asserted entitlement to some or all of the tax recoveries recognized by GM Brazil. Accordingly, we recorded an accrual of \$194 million in the three months ended December 31, 2021.

**Other Litigation-Related Liability and Tax Administrative Matters** Various other legal actions, including class actions, governmental investigations, claims and proceedings, are pending against us or our related companies or joint ventures, including matters arising out of alleged product defects; employment-related matters; product and workplace safety, vehicle emissions and fuel economy regulations; product warranties; financial services; dealer, supplier and other contractual relationships; government regulations relating to competition issues; tax-related matters not subject to the provision of Accounting Standards Codification 740, Income Taxes (indirect tax-related matters); product design, manufacture and performance; consumer protection laws; and environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation from stationary sources.

There are several putative class actions pending against GM in federal courts in the U.S. and in the Provincial Courts in Canada alleging that various vehicles sold, including model year 2011-2016 Duramax Diesel Chevrolet Silverado and GMC Sierra vehicles, violate federal, state and foreign emission standards. We are unable to estimate any reasonably possible loss or range of loss that may result from these actions. GM has also faced a series of additional lawsuits in the U.S. based on these allegations, including a shareholder demand lawsuit that remains pending.

We believe that appropriate accruals have been established for losses that are probable and can be reasonably estimated. It is possible that the resolution of one or more of these matters could exceed the amounts accrued in an amount that could be material to our results of operations. We also from time to time receive subpoenas and other inquiries or requests for information from agencies or other representatives of U.S. federal, state and foreign governments on a variety of issues. Beyond the class action litigations disclosed, we have several other class action litigations pending at any given time. Historically, relatively few classes have been certified in these types of cases. Therefore, we will generally only disclose specific class actions if a class is certified and we believe there is a reasonably possible material exposure to the company.

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 administrative proceedings are indirect tax-related and may require that we deposit funds in escrow or provide an alternative form of security.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2021. 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 \$900 million at December 31, 2021.

**Takata Matters** In November 2020, the NHTSA directed that we replace the airbag inflators in our GMT900 vehicles, which are full-size pickup trucks and SUVs, and we decided not to contest NHTSA's decision. While we have already begun the process of executing the recall, given the number of vehicles in this population, the recall will take several years to be completed. Accordingly, in the year ended December 31, 2020, we recorded a warranty accrual of \$1.1 billion for the expected costs of complying with the recall remedy, and we believe the currently accrued amount remains reasonable.

GM has recalled certain vehicles sold outside of the U.S. to replace Takata Corporation (Takata) inflators in those vehicles. There are significant differences in vehicle and inflator design between the relevant vehicles sold internationally and those sold in the U.S. We continue to gather and analyze evidence about these inflators and to share our findings with regulators. Any additional recalls relating to these inflators could be material to our results of operations and cash flows.

There are several putative class actions that have been filed against GM, including in the federal courts in the U.S., in the Provincial Courts in Canada and in Mexico, arising out of allegations that airbag inflators manufactured by Takata are defective. At this stage of these proceedings, we are unable to provide an estimate of the amounts or range of possible loss.

**Chevrolet Bolt Recall** In July 2021, we initiated a voluntary recall for certain 2017-2019 model year Chevrolet Bolt EVs due to the risk that two manufacturing defects present in the same battery cell could cause a high voltage battery fire in certain of these vehicles. Accordingly, in the three months ended June 30, 2021, we recorded a warranty accrual of \$812 million. After further investigation into the manufacturing processes at our battery supplier, LG, and disassembling battery packs, we determined that the risk of battery cell defects was not confined to the initial recall population. As a result, in August 2021, we expanded the recall to include all 2017-2022 model year Chevrolet Bolt EV and EUVs and recorded an additional warranty accrual of \$1.2 billion in the three months ended September 30, 2021. In October 2021, we reached an agreement with LG, under which LG will reimburse GM for costs and expenses associated with the recall. As a result, in the three months ended September 30, 2021, we recognized a receivable of \$1.9 billion, which substantially offsets the warranty charges we recognized in connection with the recall. These charges reflect our current best estimate for the cost of the recall remedy. The actual costs of the recall and GM's associated recovery from LG could be higher or lower. For 2017-2019 model year vehicles, the recall remedy will be to replace the high voltage battery modules in these vehicles with new modules. For 2020-2022 model year vehicles, the recall remedy will be to replace any defective high voltage battery modules in these vehicles with new modules.

In addition, putative class actions have been filed against GM in federal courts in the U.S. and in the Provincial Courts in Canada alleging that the batteries contained in the Bolt EVs included in the recall population are defective. At this stage of these proceedings, we are unable to provide an estimate of the amounts or range of possible loss.

**Opel/Vauxhall Sale** In 2017, we sold the Opel/Vauxhall Business to PSA Group (now Stellantis) under a Master Agreement (the Agreement). We also sold the European financing subsidiaries and branches (together with the Opel/Vauxhall Business, the European Business) to Banque PSA Finance S.A. and BNP Paribas Personal Finance S.A. Although the sale reduced our new vehicle presence in Europe, we may still be impacted by actions taken by regulators related to vehicles sold before the sale. Our wholly owned subsidiary (the Seller) agreed to indemnify Stellantis for certain losses resulting from any inaccuracy of the representations and warranties or breaches of our covenants included in the Agreement and for certain other liabilities, including certain emissions and product liabilities. Currently, various consumer lawsuits have been filed against the Seller and Stellantis in Germany, the United Kingdom, and the Netherlands alleging that Opel and Vauxhall vehicles sold by the Seller violated applicable emission standards. We are unable to estimate any reasonably possible loss or range of loss that may result from these actions either directly or through an indemnification claim from Stellantis. The Company entered into a guarantee for the benefit of Stellantis and pursuant to which the Company agreed to guarantee the Seller's obligation to indemnify Stellantis. Certain of these indemnification obligations are subject to time limitations, thresholds and/or caps as to the amount of required payments.



# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

We continue to purchase from and supply to Stellantis certain vehicles, parts and engineering services for a period of time following the sale. The following table summarizes transactions with the Opel/Vauxhall Business:

	Years Ended December 31,		
	2021	2020	2019
Net sales and revenue	\$ 114	\$ 144	\$ 1,129
Purchases and expenses	\$ 121	\$ 392	\$ 825
Cash payments(a)	\$ 226	\$ 630	\$ 975
Cash receipts(a)	\$ 146	\$ 252	\$ 1,408

(a) Included in Net cash provided by operating activities.

**Patent Royalty Matters** Several owners of patents are seeking past royalties from various automotive manufacturers, including GM, for the use of certain technologies. Accordingly, in the three months ended December 31, 2021, we accrued approximately \$290 million relating to these matters. As of December 31, 2021, our total accrual relating to these matters was approximately \$300 million and we estimate our reasonably possible loss in excess of amounts accrued to be insignificant.

**Product Liability** We recorded liabilities of \$587 million and \$589 million in Accrued liabilities and Other liabilities at December 31, 2021 and 2020, 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. 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. We believe that any judgment against us involving our products for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage.

**Guarantees** We enter into indemnification agreements for liability claims involving products manufactured primarily by certain joint ventures. These guarantees terminate in years ranging from 2022 to 2026 or upon the occurrence of specific events or are ongoing. We believe that the related potential costs incurred are adequately covered by our recorded accruals, which are insignificant. The maximum future undiscounted payments mainly based on vehicles sold to date were \$3.1 billion for these guarantees at December 31, 2021 and 2020, the majority of which relates to the indemnification agreements.

We provide payment guarantees on commercial loans outstanding with third parties such as dealers. In some instances certain assets of the party or our payables to the party whose debt or performance we have guaranteed may offset, to some degree, the amount of any potential future payments. We are also exposed to residual value guarantees associated with certain sales to rental car companies.

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. Refer to the Opel/Vauxhall Sale section of this note for additional information on our indemnification obligations to Stellantis under the Agreement.

**Credit Cards** Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles. At December 31, 2021 and 2020, our redemption liability was insignificant, our deferred revenue was \$309 million and \$252 million, and qualified cardholders had rebates available, net of deferred program revenue, of \$1.2 billion and \$1.3 billion. Our redemption liability and deferred revenue are recorded in Accrued liabilities and Other liabilities.

### Note 17. Income Taxes

	Years Ended December 31,		
	2021	2020	2019
U.S. income	\$ 9,513	\$ 6,881	\$ 3,826
Non-U.S. income	1,902	540	2,342
Income before income taxes and equity income	\$ 11,415	\$ 7,421	\$ 6,168



GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	Years Ended December 31,		
	2021	2020	2019
<b>Current income tax expense</b>			
U.S. federal	\$ 20	\$ 84	\$ 42
U.S. state and local	142	272	102
Non-U.S.	395	493	758
Total current income tax expense	557	849	902
<b>Deferred income tax expense (benefit)</b>			
U.S. federal	1,699	632	(145)
U.S. state and local	229	(15)	3
Non-U.S.	286	308	9
Total deferred income tax expense (benefit)	2,214	925	(133)
Total income tax expense	\$ 2,771	\$ 1,774	\$ 769

Provisions are made for estimated U.S. and non-U.S. income taxes which may be incurred on the reversal of our basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments primarily as a result of earnings in foreign subsidiaries which are deemed indefinitely reinvested of \$3.2 billion at December 31, 2021 and 2020. We have indefinitely reinvested basis differences related to investments in non-consolidated China JVs of \$3.4 billion at December 31, 2021 and 2020 as a result of fresh-start reporting. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

	Years Ended December 31,		
	2021	2020	2019
Income tax expense at U.S. federal statutory income tax rate	\$ 2,397	\$ 1,558	\$ 1,295
State and local tax expense	301	219	117
Non-U.S. income taxed at other than the U.S. federal statutory tax rate	36	(1)	166
U.S. tax impact on Non-U.S. income and activities	129	(160)	(197)
Change in valuation allowances	665	370	(233)
Change in tax laws	(93)	—	(122)
General business credits and manufacturing incentives	(492)	(366)	(420)
Settlements of prior year tax matters	11	(18)	—
Realization of basis differences in affiliates	(295)	(12)	—
Foreign currency remeasurement	28	(7)	74
Other adjustments	84	191	89
Total income tax expense	\$ 2,771	\$ 1,774	\$ 769

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

**Deferred Income Tax Assets and Liabilities** Deferred income tax assets and liabilities at December 31, 2021 and 2020 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured based on tax laws, as well as tax loss and tax credit carryforwards. The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b>Deferred tax assets</b>		
Postretirement benefits other than pensions	\$ 1,572	\$ 1,742
Pension and other employee benefit plans	1,540	2,999
Warranties, dealer and customer allowances, claims and discounts	4,253	5,538
U.S. capitalized research expenditures	7,285	6,763
U.S. operating loss and tax credit carryforwards(a)	6,959	7,254
Non-U.S. operating loss and tax credit carryforwards(b)	6,593	7,216
Miscellaneous	3,468	3,479
Total deferred tax assets before valuation allowances	31,670	34,991
Less: valuation allowances	(8,855)	(9,095)
Total deferred tax assets	22,815	25,896
<b>Deferred tax liabilities</b>		
Property, plant and equipment	1,775	1,670
Intangible assets	729	744
Total deferred tax liabilities	2,504	2,414
Net deferred tax assets	\$ 20,311	\$ 23,482

- (a) At December 31, 2021, U.S. operating loss and tax credit carryforwards of \$6.5 billion expire by 2041 if not utilized and the remaining balance of \$450 million may be carried forward indefinitely.
- (b) At December 31, 2021, Non-U.S. operating loss and tax credit carryforwards of \$1.2 billion expire by 2041 if not utilized and the remaining balance of \$5.4 billion may be carried forward indefinitely.

**Valuation Allowances** During the years ended December 31, 2021 and 2020, valuation allowances against deferred tax assets of \$8.9 billion and \$9.1 billion were comprised of cumulative losses, credits and other timing differences, primarily in Germany, Spain, South Korea and the U.S.

**Uncertain Tax Positions** The following table summarizes activity of the total amounts of unrecognized tax benefits:

	<u>Years Ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of period	\$ 1,086	\$ 775	\$ 1,341
Additions to current year tax positions	22	435	18
Additions to prior years' tax positions	46	26	13
Reductions to prior years' tax positions	(473)	(132)	(501)
Reductions in tax positions due to lapse of statutory limitations	(17)	(3)	(8)
Settlements	(26)	(10)	(93)
Other	(4)	(5)	5
Balance at end of period	\$ 634	\$ 1,086	\$ 775

At December 31, 2021 and 2020 there were \$411 million and \$851 million of unrecognized tax benefits that if recognized would favorably affect our effective tax rate in the future. In the years ended December 31, 2021, 2020 and 2019 income tax related interest and penalties were insignificant. At December 31, 2021 and 2020 we had liabilities of \$86 million and \$92 million for income tax related interest and penalties.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

At December 31, 2021 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

**Other Matters** Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2011 to 2021 with various significant tax jurisdictions. Tax authorities may have the ability to review and adjust net operating loss or tax credit carryforwards that were generated prior to these periods if utilized in an open tax year. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle.

### Note 18. Restructuring and Other Initiatives

We have executed various restructuring and other initiatives and we may execute additional initiatives in the future, if necessary, to streamline manufacturing capacity and reduce other costs to improve the utilization of remaining facilities. To the extent these programs involve voluntary separations, a liability is generally recorded at the time offers to employees are accepted. To the extent these programs provide separation benefits in accordance with pre-existing agreements, a liability is recorded once the amount is probable and reasonably estimable. If employees are involuntarily terminated, a liability is generally recorded at the communication date. Related charges are recorded in Automotive and other cost of sales and Automotive and other selling, general and administrative expense.

The following table summarizes the reserves and charges related to restructuring and other initiatives, including postemployment benefit reserves and charges:

	Years Ended December 31,		
	2021	2020	2019
Balance at beginning of period	\$ 352	\$ 564	\$ 1,122
Additions, interest accretion and other	216	565	629
Payments	(278)	(678)	(1,101)
Revisions to estimates and effect of foreign currency	(5)	(99)	(86)
Balance at end of period	<u>\$ 285</u>	<u>\$ 352</u>	<u>\$ 564</u>

In the year ended December 31, 2020, restructuring and other initiatives primarily included actions in GMI related to the wind-down of Holden sales, design and engineering operations in Australia and New Zealand, the sale of our vehicle and powertrain manufacturing facilities in Thailand and the execution of a binding term sheet to sell our manufacturing facility in India. We recorded charges of \$683 million in the year ended December 31, 2020, primarily consisting of \$360 million in dealer restructurings, employee separations and supplier claim charges, which are reflected in the table above, and \$323 million in property and intangible asset impairments, inventory provisions, sales allowances and other charges, not reflected in the table above. We also recorded a \$236 million charge to Income tax expense due to the establishment of a valuation allowance against deferred tax assets in Australia and New Zealand in the year ended December 31, 2020. We incurred \$197 million in net cash outflows in the year ended December 31, 2020 and \$254 million in net cash outflows since program inception resulting from these restructuring actions primarily for dealer restructuring payments and employee separation payments, which includes proceeds of \$143 million from the sale of our manufacturing facilities in Thailand. Holden and Thailand programs were substantially complete at December 31, 2020.

In the year ended December 31, 2019, restructuring and other initiatives primarily included actions related to our announced transformation activities, which include unallocation of products to certain manufacturing facilities and other employee separation programs. We recorded charges of \$1.8 billion, primarily in GMNA, in the year ended December 31, 2019 consisting of \$1.3 billion primarily in non-cash accelerated depreciation and pension curtailment and other charges, not reflected in the table above, and \$535 million primarily in supplier-related charges and employee-related separation charges, which are reflected in the table above. These programs have a total cost since inception of \$3.1 billion and were complete at December 31, 2019. We incurred \$333 million and \$1.1 billion in cash outflows resulting from these restructuring actions, primarily for employee separation payments and supplier-related payments in the years ended December 31, 2020 and 2019. The cash outflows were substantially complete at December 31, 2020.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### Note 19. Interest Income and Other Non-Operating Income

	Years Ended December 31,		
	2021	2020	2019
Non-service pension and OPEB income	\$ 1,909	\$ 1,095	\$ 797
Interest income	146	241	429
Licensing agreements income	195	211	165
Revaluation of investments	571	265	80
Other	220	73	(2)
Total interest income and other non-operating income, net	<u>\$ 3,041</u>	<u>\$ 1,885</u>	<u>\$ 1,469</u>

### Note 20. Stockholders' Equity and Noncontrolling Interests

**Preferred and Common Stock** We have 2.0 billion shares of preferred stock and 5.0 billion shares of common stock authorized for issuance. We had no shares of preferred stock issued and outstanding at December 31, 2021 and 2020. We had 1.5 billion and 1.4 billion shares of common stock issued and outstanding at December 31, 2021 and 2020.

**Common Stock** Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. Dividends were not declared or paid on our common stock for the year ended December 31, 2021. Our dividends declared per common share were \$0.38 and \$1.52 and our total dividends paid on common stock were \$545 million and \$2.2 billion for the years ended December 31, 2020 and 2019. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our preferred stock, if any such shares are then outstanding.

We did not purchase any shares of our outstanding common stock in the years ended December 31, 2021 and 2019. We purchased three million shares of our outstanding common stock for \$90 million in the year ended December 31, 2020. Shares repurchased were part of the common stock repurchase program announced in March 2015, which our Board of Directors increased and extended in January 2016 and January 2017.

**Cruise Preferred Shares** In 2021, Cruise Holdings issued \$2.7 billion of Cruise Class G Preferred Shares to Microsoft, Walmart and other investors, including \$1.0 billion to General Motors Holdings LLC. All proceeds related to the Cruise Class G Preferred Shares are designated exclusively for working capital and general corporate purposes of Cruise Holdings. In addition, we, Cruise Holdings and Microsoft entered into a long-term strategic relationship to accelerate the commercialization of self-driving vehicles with Microsoft being the preferred public cloud provider.

The Cruise Class G Preferred Shares participate *pari passu* with holders of Cruise Holdings common stock and Class F Preferred Shares (Cruise Class F Preferred Shares) in any dividends declared. Each Cruise Class G Preferred Share is entitled to one vote per Cruise Class G Preferred Share on all matters submitted for vote by or consent of the Cruise Holdings members. The holders of Cruise Class G Preferred Shares are restricted from transferring the Cruise Class G Preferred Shares for four years, without the written consent of both us and Cruise Holdings' Board of Directors. The Cruise Class G Preferred Shares convert into the class of shares to be issued to the public in an initial public offering (IPO) at specified exchange ratios. No covenants or other events of default exist that can trigger redemption of the Cruise Class G Preferred Shares. The Cruise Class G Preferred Shares are entitled to receive the greater of their carrying value or a pro-rata share of any proceeds or distributions upon the occurrence of a merger, sale, liquidation or dissolution of Cruise Holdings, and are classified as noncontrolling interests in our consolidated financial statements.

Consistent with the Cruise Class G Preferred Shares, the Class A-1 Preferred Shares issued to SoftBank in 2018 (Cruise Class A-1 Preferred Shares) and Cruise Class F Preferred Shares convert into the class of shares to be issued to the public in an IPO at specified exchange ratios. Beginning on June 28, 2025, SoftBank has the option to convert all of the Cruise Class A-1 Preferred Shares into our common stock at a conversion ratio that is indexed to the fair value of Cruise Holdings at the time of conversion. In the event SoftBank exercises such option, we have the option to settle the conversion feature with our common shares or cash, and in certain situations with nonredeemable, nonconvertible preferred shares. The Cruise Class A-1 Preferred Shares and Cruise Class F Preferred Shares are entitled to receive the greater of their carrying value or a pro-rata share of any proceeds or distributions upon the occurrence of a merger, sale, liquidation or dissolution of Cruise Holdings.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In 2019, Cruise Holdings issued \$1.2 billion of Cruise Class F Preferred Shares, including \$687 million to General Motors Holdings LLC. All proceeds related to the Cruise Class F Preferred Shares are designated exclusively for working capital and general corporate purposes of Cruise. The Cruise Class F Preferred Shares participate pari passu with holders of Cruise Holdings common stock in any dividends declared. The Cruise Class F Preferred Shares have the right to vote on the election of one director, who is elected by the vote of a majority of the Cruise Holdings common stock and the Cruise Class F Preferred Shares. Prior to an IPO, the holders of Cruise Class F Preferred Shares are restricted from transferring the Cruise Class F Preferred Shares until May 7, 2023. The Cruise Class F Preferred Shares convert into common stock of Cruise Holdings, at specified exchange ratios, upon occurrence of an IPO. The Cruise Class F Preferred Shares are entitled to receive the greater of their carrying value or a pro-rata share of any proceeds or distributions upon the occurrence of a merger, sale, liquidation or dissolution of Cruise Holdings. The Cruise Class F Preferred Shares are classified as noncontrolling interests in our consolidated financial statements.

**GM Financial Preferred Stock** In 2020, GM Financial issued \$500 million of Fixed-Rate Reset Cumulative Perpetual Preferred Stock, Series C, \$0.01 par value, with a liquidation preference of \$1,000 per share. Dividends will be paid semi-annually when declared, which started March 30, 2021 at a fixed rate of 5.70%. The preferred stock is classified as noncontrolling interests in our consolidated financial statements.

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

	Years Ended December 31,		
	2021	2020	2019
<b>Foreign Currency Translation Adjustments</b>			
Balance at beginning of period	\$ (2,735)	\$ (2,278)	\$ (2,250)
Other comprehensive income (loss) and noncontrolling interests, net of reclassification adjustment and tax(a)(b)(c)	81	(457)	(28)
Balance at end of period	<u>\$ (2,654)</u>	<u>\$ (2,735)</u>	<u>\$ (2,278)</u>
<b>Defined Benefit Plans</b>			
Balance at beginning of period	\$ (10,654)	\$ (8,859)	\$ (6,737)
Other comprehensive income (loss) and noncontrolling interests before reclassification adjustment(a)	4,714	(2,661)	(2,769)
Tax benefit (expense)	(906)	444	463
Other comprehensive income (loss) and noncontrolling interests before reclassification adjustment, net of tax(a)	3,808	(2,217)	(2,306)
Reclassification adjustment, net of tax(c)	318	422	184
Other comprehensive income (loss), net of tax	4,126	(1,795)	(2,122)
Balance at end of period(d)	<u>\$ (6,528)</u>	<u>\$ (10,654)</u>	<u>\$ (8,859)</u>

(a) The noncontrolling interests were insignificant in the years ended December 31, 2021, 2020 and 2019.

(b) The reclassification adjustment was insignificant in the years ended December 31, 2021, 2020 and 2019.

(c) The income tax effect was insignificant in the years ended December 31, 2021, 2020 and 2019.

(d) Primarily consists of unamortized actuarial loss on our defined benefit plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Note 21. 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.

	Years Ended December 31,		
	2021	2020	2019
<b>Basic earnings per share</b>			
Net income attributable to stockholders	\$ 10,019	\$ 6,427	\$ 6,732
Less: cumulative dividends on subsidiary preferred stock	(182)	(180)	(151)
Net income attributable to common stockholders	<u>\$ 9,837</u>	<u>\$ 6,247</u>	<u>\$ 6,581</u>
Weighted-average common shares outstanding	1,451	1,433	1,424
Basic earnings per common share	\$ 6.78	\$ 4.36	\$ 4.62
<b>Diluted earnings per share</b>			
Net income attributable to common stockholders – diluted	\$ 9,837	\$ 6,247	\$ 6,581
Weighted-average common shares outstanding – basic	1,451	1,433	1,424
Dilutive effect of warrants and awards under stock incentive plans	17	9	15
Weighted-average common shares outstanding – diluted	<u>1,468</u>	<u>1,442</u>	<u>1,439</u>
Diluted earnings per common share	\$ 6.70	\$ 4.33	\$ 4.57
Potentially dilutive securities(a)	2	7	7

(a) Potentially dilutive securities attributable to outstanding stock options at December 31, 2021, 2020 and 2019 and RSUs at December 31, 2020, were excluded from the computation of diluted EPS because the securities would have had an antidilutive effect.

**Note 22. Stock Incentive Plans**

**GM Stock Incentive Awards** We grant to certain employees RSUs, RSAs, PSUs and stock options (collectively, stock incentive awards) under our 2016 Equity Incentive Plan and 2020 LTIP and prior to the 2020 LTIP, under our 2017 and 2014 LTIP. The 2020 LTIP was approved by stockholders in June 2020. Any new awards granted after the approval of the 2020 LTIP in June 2020 will be issued under the 2020 LTIP. To the extent any shares remain available for issuance under the 2017 LTIP, the 2016 Equity Incentive Plan, and/or the 2014 LTIP, such shares will only be used to settle outstanding awards that were previously granted under such plans prior to June 2020. Shares awarded under the plans are subject to forfeiture if the participant leaves the company for reasons other than those permitted under the plans such as retirement, death or disability.

RSU awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. PSU awards vest at the end of a three-year performance period, based on performance criteria determined by the Executive Compensation Committee of the Board of Directors at the time of award. The number of shares earned may equal, exceed or be less than the targeted number of shares depending on whether the performance criteria are met, surpassed or not met. Stock options expire 10 years from the grant date. Our performance-based stock options vest ratably over 55 months based on the performance of our common stock relative to that of a specified peer group. Our service-based stock options vest ratably over 19 months to three years.

In connection with our acquisition of Cruise Automation, Inc. in May 2016, RSAs and PSUs in common shares of GM were granted to employees of Cruise Holdings. The RSAs vest ratably, generally over a three-year service period. The PSUs are contingent upon achievement of specific technology and commercialization milestones.



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

	Shares (in millions)	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term in Years
Units outstanding at January 1, 2021	38.6	\$ 19.84	0.9
Granted	6.1	\$ 50.43	
Settled	(13.7)	\$ 19.13	
Forfeited or expired	(0.8)	\$ 38.77	
Units outstanding at December 31, 2021(a)	<u>30.2</u>	<u>\$ 26.14</u>	0.8

(a) Includes the target amount of PSUs.

Our weighted-average assumptions used to value our stock options are a dividend yield of 1.67%, 4.25% and 3.90%, expected volatility of 47.8%, 26.2% and 28.0%, a risk-free interest rate of 0.76%, 1.44% and 2.62%, and an expected option life of 6.00, 5.97 and 6.00 years for options issued during the years ended December 31, 2021, 2020 and 2019. The expected volatility is based on the average of the implied volatility of publicly traded options for our common stock.

Total compensation expense related to the above awards was \$391 million, \$351 million and \$456 million in the years ended December 31, 2021, 2020 and 2019.

At December 31, 2021, the total unrecognized compensation expense for nonvested equity awards granted was \$235 million. This expense is expected to be recorded over a weighted-average period of 1.1 years. The total fair value of stock incentive awards vested was \$258 million, \$275 million and \$287 million in the years ended December 31, 2021, 2020 and 2019.

**Cruise Stock Incentive Awards** In addition to the awards noted above, RSUs were granted to Cruise employees in common shares of Cruise Holdings in the years ended December 31, 2021, 2020 and 2019. During the year ending December 31, 2021, we granted 29.4 million RSUs with a weighted average grant date fair value of \$25.15 to Cruise employees. Stock options were granted in common shares of Cruise Holdings in the years ended December 31, 2021 and 2019. During the year ending December 31, 2021, we granted 3.3 million stock options with a weighted average grant date fair value of \$13.54 to Cruise employees. These awards were granted under the 2018 Employee Incentive Plan approved by Cruise Holdings' Board of Directors in August 2018. Shares awarded under the plan are subject to forfeiture if the participant leaves the company for reasons other than those permitted under the plan. Stock options vest ratably over four to 10 years, as defined in the terms of each award. Stock options expire 10 years from the grant date. RSU awards granted vest upon the satisfaction of both a service condition and a liquidity condition. The service condition for the majority of these awards is satisfied over four years. The liquidity condition is satisfied upon the earlier of the date of a change in control transaction or the consummation of an initial public offering.

Total compensation expense related to Cruise Holdings' share-based awards was insignificant for the years ended December 31, 2021, 2020 and 2019. Cash paid to settle share-based awards was insignificant for the year ended December 31, 2021. No share-based compensation expense had been recognized for the outstanding RSUs because the liquidity condition described above was not met at December 31, 2021, 2020 and 2019. Total unrecognized compensation expense for Cruise Holdings' nonvested equity awards granted was \$1.3 billion at December 31, 2021, which was primarily comprised of 66.2 million units of RSUs for which the liquidity condition had not been met. Total units outstanding were 90.0 million at December 31, 2021. The expense related to stock options is expected to be recorded over a weighted-average period of 5.4 years. The timing of the expense related to RSUs will depend upon the date of the satisfaction of the liquidity condition.

**Note 23. Segment Reporting**

We analyze the results of our business through the following reportable segments: GMNA, GMI, Cruise and GM Financial. The chief operating decision-maker evaluates the operating results and performance of our automotive segments and Cruise through EBIT-adjusted, which is presented net of noncontrolling interests. The chief operating decision-maker evaluates GM Financial through EBT-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 strategic initiatives. 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.

# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Substantially all of the trucks, crossovers, cars 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, trucks, crossovers and cars 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 meets the demands of customers in North America and GMI primarily meets the demands of customers outside North America, with vehicles developed, manufactured and/or marketed under the Buick, Cadillac, Chevrolet and GMC brands. We also have equity ownership stakes in entities that meet the demands of customers in other countries, primarily China, with vehicles developed, manufactured and/or marketed under the Baojun, Buick, Cadillac, Chevrolet and Wuling brands. Cruise is our global segment responsible for the development and commercialization of AV technology, and includes AV-related engineering and other costs. We provide automotive financing services through our GM Financial segment.

Our automotive interest income and interest expense, legacy costs from the Opel/Vauxhall Business (primarily pension costs), corporate expenditures and certain nonsegment specific revenues and expenses are recorded centrally in Corporate. Corporate assets primarily consist of cash and cash equivalents, marketable debt securities, Stellantis warrants and intersegment balances. All intersegment balances and transactions have been eliminated in consolidation.

The following tables summarize key financial information by segment:

At and For the Year Ended December 31, 2021									
	GMNA	GMI	Corporate	Eliminations	Total Automotive	Cruise	GM Financial	Eliminations/Reclassifications	Total
Net sales and revenue	\$ 101,308	\$ 12,172	\$ 104		\$ 113,584	\$ 106	\$ 13,419	\$ (105)	\$ 127,004
Earnings (loss) before interest and taxes-adjusted	\$ 10,318	\$ 827	\$ (680)		\$ 10,465	\$ (1,196)	\$ 5,036	\$ (10)	\$ 14,295
Adjustments(a)	\$ (425)	\$ (276)	\$ —		\$ (701)	\$ —	\$ —	\$ —	(701)
Automotive interest income									146
Automotive interest expense									(950)
Net (loss) attributable to noncontrolling interests									(74)
Income before income taxes									12,716
Income tax expense									(2,771)
Net income									9,945
Net loss attributable to noncontrolling interests									74
Net income attributable to stockholders									\$ 10,019
Equity in net assets of nonconsolidated affiliates	\$ 827	\$ 7,133	\$ —	\$ —	\$ 7,960	\$ —	\$ 1,717	\$ —	\$ 9,677
Goodwill and intangibles	\$ 2,240	\$ 772	\$ —	\$ —	\$ 3,012	\$ 736	\$ 1,339	\$ —	\$ 5,087
Total assets	\$ 121,735	\$ 22,876	\$ 40,492	\$ (56,936)	\$ 128,167	\$ 4,489	\$ 113,207	\$ (1,145)	\$ 244,718
Expenditures for property	\$ 6,576	\$ 783	\$ 30	\$ —	\$ 7,389	\$ 89	\$ 26	\$ 5	\$ 7,509
Depreciation and amortization	\$ 5,298	\$ 542	\$ 21	\$ —	\$ 5,861	\$ 52	\$ 6,134	\$ —	\$ 12,047
Impairment charges	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ —	\$ —	\$ 4
Equity income	\$ 8	\$ 1,092	\$ —	\$ —	\$ 1,100	\$ —	\$ 201	\$ —	\$ 1,301

- (a) Consists of potential royalties accrued with respect to past-year sales and charges related to Cadillac dealer strategy in GMNA; and a potential settlement with certain third parties relating to retrospective recoveries of indirect taxes and an adjustment related to the unique events associated with recent Korea Supreme Court decisions related to our salaried workers in GMI.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

	At and For the Year Ended December 31, 2020								
	GMNA	GMI	Corporate	Eliminations	Total Automotive	Cruise	GM Financial	Eliminations/Re classifications	Total
Net sales and revenue	\$ 96,733	\$ 11,586	\$ 350		\$ 108,669	\$ 103	\$ 13,831	\$ (118)	\$ 122,485
Earnings (loss) before interest and taxes-adjusted	\$ 9,071	\$ (528)	\$ (634)		\$ 7,909	\$ (887)	\$ 2,702	\$ (14)	\$ 9,710
Adjustments(a)	\$ (99)	\$ (683)	\$ 130		\$ (652)	\$ —	\$ —	\$ —	(652)
Automotive interest income									241
Automotive interest expense									(1,098)
Net (loss) attributable to noncontrolling interests									(106)
Income before income taxes									8,095
Income tax expense									(1,774)
Net income									6,321
Net loss attributable to noncontrolling interests									106
Net income attributable to stockholders									\$ 6,427
Equity in net assets of nonconsolidated affiliates	\$ 242	\$ 6,583	\$ —	\$ —	\$ 6,825	\$ —	\$ 1,581	\$ —	\$ 8,406
Goodwill and intangibles	\$ 2,346	\$ 806	\$ —	\$ —	\$ 3,152	\$ 735	\$ 1,343	\$ —	\$ 5,230
Total assets	\$ 114,137	\$ 23,019	\$ 39,933	\$ (57,464)	\$ 119,625	\$ 3,625	\$ 113,410	\$ (1,466)	\$ 235,194
Expenditures for property	\$ 4,501	\$ 729	\$ 21	\$ —	\$ 5,251	\$ 15	\$ 34	\$ —	\$ 5,300
Depreciation and amortization	\$ 4,739	\$ 624	\$ 25	\$ —	\$ 5,388	\$ 43	\$ 7,245	\$ —	\$ 12,676
Impairment charges	\$ 20	\$ 99	\$ —	\$ —	\$ 119	\$ 20	\$ —	\$ —	\$ 139
Equity income	\$ 17	\$ 510	\$ —	\$ —	\$ 527	\$ —	\$ 147	\$ —	\$ 674

- (a) Consists of restructuring charges related to Cadillac dealer strategy in GMNA; restructuring and other charges primarily in Australia, New Zealand, Thailand and India in GMI; and ignition switch-related legal matters in Corporate.

	At and For the Year Ended December 31, 2019								
	GMNA	GMI	Corporate	Eliminations	Total Automotive	Cruise	GM Financial	Eliminations	Total
Net sales and revenue	\$ 106,366	\$ 16,111	\$ 220		\$ 122,697	\$ 100	\$ 14,554	\$ (114)	\$ 137,237
Earnings (loss) before interest and taxes-adjusted	\$ 8,204	\$ (202)	\$ (691)		\$ 7,311	\$ (1,004)	\$ 2,104	\$ (18)	\$ 8,393
Adjustments(a)	\$ (1,618)	\$ 1,081	\$ (2)		\$ (539)	\$ —	\$ —	\$ —	(539)
Automotive interest income									429
Automotive interest expense									(782)
Net (loss) attributable to noncontrolling interests									(65)
Income before income taxes									7,436
Income tax expense									(769)
Net income									6,667
Net loss attributable to noncontrolling interests									65
Net income attributable to stockholders									\$ 6,732
Equity in net assets of nonconsolidated affiliates	\$ 84	\$ 7,023	\$ —	\$ —	\$ 7,107	\$ —	\$ 1,455	\$ —	\$ 8,562
Goodwill and intangibles	\$ 2,459	\$ 888	\$ 1	\$ —	\$ 3,348	\$ 634	\$ 1,355	\$ —	\$ 5,337
Total assets	\$ 109,290	\$ 24,969	\$ 32,365	\$ (50,244)	\$ 116,380	\$ 4,230	\$ 108,881	\$ (1,454)	\$ 228,037
Expenditures for property	\$ 6,305	\$ 1,096	\$ 84	\$ —	\$ 7,485	\$ 60	\$ 47	\$ —	\$ 7,592
Depreciation and amortization	\$ 6,112	\$ 533	\$ 46	\$ (2)	\$ 6,689	\$ 21	\$ 7,350	\$ —	\$ 14,060
Impairment charges	\$ 15	\$ 7	\$ —	\$ —	\$ 22	\$ 36	\$ —	\$ —	\$ 58
Equity income (loss)	\$ 8	\$ 1,123	\$ (29)	\$ —	\$ 1,102	\$ —	\$ 166	\$ —	\$ 1,268

- (a) Consists of restructuring and other charges related to transformation activities of \$1.6 billion in GMNA and \$115 million in GMI; a benefit related to the retrospective recoveries of indirect taxes in GMI; partially offset by losses related to the FAW-GM divestiture in GMI.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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

Automotive revenue is attributed to geographic areas based on the country of sale. GM Financial revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas:

	At and For the Years Ended December 31,					
	2021		2020		2019	
	Net Sales and Revenue	Long-Lived Assets	Net Sales and Revenue	Long-Lived Assets	Net Sales and Revenue	Long-Lived Assets
Automotive						
U.S.	\$ 92,771	\$ 27,192	\$ 89,204	\$ 24,932	\$ 97,887	\$ 25,401
Non-U.S.	20,819	13,771	19,469	12,516	24,810	13,190
GM Financial						
U.S.	11,712	34,452	12,227	36,773	12,727	39,509
Non-U.S.	1,702	3,629	1,585	3,230	1,813	2,772
Total consolidated	<u>\$ 127,004</u>	<u>\$ 79,044</u>	<u>\$ 122,485</u>	<u>\$ 77,451</u>	<u>\$ 137,237</u>	<u>\$ 80,872</u>

No individual country other than the U.S. represented more than 10% of our total net sales and revenue or long-lived assets, other than Mexico, whose long-lived assets are approximately 10% of our total long-lived assets.

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

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

	Years Ended December 31,		
	2021	2020	2019
<b>Change in other operating assets and liabilities</b>			
Accounts receivable	\$ 493	\$ (1,341)	\$ (563)
Wholesale receivables funded by GM Financial, net	2,854	2,744	663
Inventories	(3,155)	(104)	(761)
Automotive equipment on operating leases	—	53	274
Change in other assets	(1,418)	68	(1,550)
Accounts payable	(1,166)	42	(492)
Income taxes payable	(95)	130	213
Accrued and other liabilities	(879)	(1,991)	(1,573)
Total	<u>\$ (3,366)</u>	<u>\$ (399)</u>	<u>\$ (3,789)</u>
<b>Cash paid for income taxes and interest</b>			
Cash paid for income taxes, net	\$ 652	\$ 719	\$ 689
Cash paid for interest (net of amounts capitalized) – Automotive	\$ 884	\$ 1,011	\$ 739
Cash paid for interest (net of amounts capitalized) – GM Financial	2,519	2,947	3,475
Total cash paid for interest (net of amounts capitalized)	<u>\$ 3,403</u>	<u>\$ 3,958</u>	<u>\$ 4,214</u>

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

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**Item 9A. Controls and Procedures**

**Disclosure Controls and Procedures** We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the 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) as of December 31, 2021 as required by paragraph (b) of Rules 13a-15 or 15d-15. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2021.

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

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2021, utilizing the criteria discussed in the “Internal Control – Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective as of December 31, 2021. Based on management's assessment, we have concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of our internal control over financial reporting has been audited by Ernst & Young LLP (PCAOB ID: 42), an independent registered public accounting firm, as stated in its report included herein.

**Changes in Internal Control over Financial Reporting** There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. However, due to the COVID-19 pandemic, we are monitoring our control environment with increased vigilance to ensure all increased risks are mitigated. For additional information refer to Part I, Item 1A. Risk Factors.

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**Item 9B. Other Information**

None.

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**PART III**

**Items 10, 11, 12, 13 and 14**

Information required by Items 10, 11, 12, 13 and 14 of this Form 10-K is incorporated by reference from our definitive Proxy Statement for our 2022 Annual Meeting of Stockholders, which will be filed with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of the 2021 fiscal year, all of which information is hereby incorporated by reference in, and made part of, this Form 10-K, except disclosure of our executive officers, which is included in Part I, Item 1 of this report.

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# GENERAL MOTORS COMPANY AND SUBSIDIARIES

## PART IV

### ITEM 15. Exhibit and Financial Statement Schedules

- (a) 1. All Financial Statements and Supplemental Information  
 2. Financial Statement Schedules  
 All financial statement schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements and notes thereto in Item 8.  
 3. Exhibits  
 (b) Exhibits

Exhibit Number	Exhibit Name	
2.1	Master Agreement, dated as of March 5, 2017, between General Motors Holdings LLC and Peugeot S.A., incorporated by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q of General Motors Company filed April 28, 2017	Incorporated by Reference
2.2	Purchase Agreement dated as of May 31, 2018, by and among General Motors Holdings LLC, GM Cruise Holdings LLC, and Softbank Vision Fund (AIV M1), L.P. incorporated by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q of General Motors Company filed July 25, 2018	Incorporated by Reference
2.3	Purchase Agreement by and between GM Cruise Holdings LLC and Honda Motor Co., LTD., dated October 3, 2018, incorporated by reference to Exhibit 2.3 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2019	Incorporated by Reference
3.1	Restated Certificate of Incorporation of General Motors Company dated December 7, 2010, incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
3.2	General Motors Company Amended and Restated Bylaws, as amended August 17, 2021, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed August 23, 2021	Incorporated by Reference
4.1	Description of Securities, incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K of General Motors Company filed February 5, 2020	Incorporated by Reference
4.2	Indenture, dated as of September 27, 2013, between General Motors Company and the Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 of General Motors Company filed April 30, 2014	Incorporated by Reference
4.3	First Supplemental Indenture, dated as of September 27, 2013 to the Indenture dated as of September 27, 2013 between General Motors Company and the Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-4 of General Motors Company filed May 22, 2014	Incorporated by Reference
4.4	Second Supplemental Indenture, dated as of November 12, 2014 to the Indenture dated as of September 27, 2013 between General Motors Company and the Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K of General Motors Company filed November 12, 2014	Incorporated by Reference
4.5	Third Supplemental Indenture, dated as of February 23, 2016, to the Indenture, dated as of September 27, 2013, between General Motors Company, as issuer, and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed February 23, 2016	Incorporated by Reference
4.6	Fourth Supplemental Indenture, dated as of August 7, 2017, to the Indenture, dated as of September 27, 2013, between General Motors Company, as issuer, and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed August 8, 2017	Incorporated by Reference
4.7	Fifth Supplemental Indenture, dated as of September 10, 2018, to the Indenture, dated as of September 27, 2013, between General Motors Company, as issuer, and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of General Motors Company filed September 10, 2018	Incorporated by Reference
4.8	Sixth Supplement Indenture, dated as of May 12, 2020, to the Indenture. dated as of September 27, 2013, between General Motors Company, as issuer, and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of General Motors Company filed May 12, 2020	Incorporated by Reference

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
4.9	Calculation Agency Agreement, dated as of September 10, 2018 between General Motors Company and the Bank of New York Mellon, as calculation agent, incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of General Motors Company filed September 10, 2018	Incorporated by Reference
10.1	Stockholders Agreement, dated as of October 15, 2009, among General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, and, for limited purposes, General Motors LLC, incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.2*	Form of Compensation Statement, incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.3*	General Motors Company Executive Retirement Plan, with modifications through October 10, 2012, incorporated by reference to Exhibit 10.12 to the Annual Report on Form 10-K of General Motors Company filed February 15, 2013	Incorporated by Reference
10.4*	Amendment No. 1 to General Motors Company Executive Retirement Plan, with modifications through October 10, 2012, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed February 3, 2016	Incorporated by Reference
10.5*	General Motors Company 2014 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed June 12, 2014	Incorporated by Reference
10.6*	Form of Non-Qualified Stock Option Agreement under the 2014 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed July 30, 2015	Incorporated by Reference
10.7*	General Motors Company 2016 Equity Incentive Plan, incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 of General Motors Company filed May 13, 2016	Incorporated by Reference
10.8*	General Motors Company Vehicle Operations - Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.9*	Form of Director and Officer Indemnification Agreement, incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of General Motors Company filed April 21, 2016	Incorporated by Reference
10.10*	General Motors Company 2017 Short-Term Incentive Plan, incorporated by reference to Exhibit 10.25 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2018	Incorporated by Reference
10.11*	General Motors Company 2017 Long-Term Incentive Plan, incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 of General Motors Company filed June 16, 2017	Incorporated by Reference
10.12*	Form of Performance Share Unit Award Agreement under the General Motors Company 2017 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed April 26, 2018	Incorporated by Reference
10.13*	Form of Non-Qualified Stock Option Award Agreement under the General Motors Company 2017 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of General Motors Company filed April 26, 2018	Incorporated by Reference
10.14*	Form of Performance Share Unit Award Agreement under the General Motors Company 2017 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed May 6, 2020	Incorporated by Reference
10.15*	Form of Non-Qualified Stock Option Award Agreement under the General Motors Company 2017 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of General Motors Company filed May 6, 2020	Incorporated by Reference
10.16*	Form of Restricted Stock Unit Award Agreement under the General Motors Company 2017 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of General Motors Company filed July 29, 2020	Incorporated by Reference
10.17*	Amended and Restated General Motors LLC U.S. Executive Severance Program, incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2019	Incorporated by Reference
10.18*	Form of Time Sharing Agreement, incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of General Motors Company filed October 29, 2019	Incorporated by Reference
10.19*	The General Motors Company Deferred Compensation Plan for Non-Employee Directors, incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K of General Motors Company filed February 5, 2020	Incorporated by Reference

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.20*	General Motors Company 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 of General Motors Company filed June 25, 2020	Incorporated by Reference
10.21*	Form of Performance Share Unit Award Agreement No.1 under the General Motors Company 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed May 5, 2021	Incorporated by Reference
10.22*	Form of Performance Share Unit Award Agreement No.2 under the General Motors Company 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.22 to the Annual Report on Form 10-K of General Motors Company, filed February 10, 2021	Incorporated by Reference
10.23*	Form of Non-Qualified Stock Option Award Agreement under the General Motors Company 2020 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of General Motors Company filed May 5, 2021	Incorporated by Reference
10.24*	Form of Restricted Stock Unit Award Agreement under the General Motors Company 2020 Long-Term Incentive Plan incorporated by reference to Exhibit 10.24 to the Annual Report on Form 10-K of General Motors Company, Filed February 10, 2021	Incorporated by Reference
10.25†	Amended and Restated Master Agreement, dated as of December 19, 2012, between General Motors Holdings LLC and Peugeot S.A., incorporated by reference to Exhibit 10.24 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2014	Incorporated by Reference
10.26	Amendment, dated May 2, 2017 to the Master Agreement between General Motors Holdings, LLC and Peugeot S.A., incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of General Motors Company filed July 25, 2017	Incorporated by Reference
10.27	Amendment Number 2, dated July 30, 2017, to the Master Agreement between General Motors Holdings, LLC and Peugeot S.A., incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed October 24, 2017	Incorporated by Reference
10.28	Amendment Number 3, dated October 30, 2017, to the Master Agreement between General Motors Holdings, LLC and Peugeot S.A., incorporated by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2018	Incorporated by Reference
10.29†	Third Amended and Restated 5-Year Revolving Credit Agreement, dated as of April 18, 2018, among General Motors Company, General Motors Financial Company, Inc., GM Global Treasury Centre Limited, General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed April 20, 2018	Incorporated by Reference
10.30†	Amendment No. 1 to Third Amended and Restated 5-Year Revolving Credit Agreement, dated as of April 18, 2018, among General Motors Company, General Motors Financial Company, Inc., GM Global Treasury Centre Limited, General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of General Motors Company filed April 7, 2021	Incorporated by Reference
10.31†	Fourth Amended and Restated 3-Year Revolving Credit Agreement among General Motors Company, General Motors Financial Company, Inc., General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed April 7, 2021	Incorporated by Reference
10.32†	Third Amended and Restated 364-Day Revolving Credit Agreement among General Motors Company, General Motors Financial Company, Inc., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed April 7, 2021	Incorporated by Reference
10.33	Seventh Amended and Restated Limited Liability Company Agreement of GM Cruise Holdings LLC, dated March 14, 2021, incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of General Motors Company filed May 5, 2021	Incorporated by Reference
21	Subsidiaries and Joint Ventures of the Registrant as of December 31, 2021	Filed Herewith
23	Consent of Ernst & Young LLP	Filed Herewith
24	Power of Attorney for Directors of General Motors Company	Filed Herewith

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

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	The following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2021 formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) the Consolidated Income Statements, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity and (vi) Notes to the Consolidated Financial Statements	Filed Herewith
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted as Inline XBRL and contained in Exhibit 101	Filed Herewith

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† Certain confidential portions have been omitted pursuant to a granted request for confidential treatment, which has been separately filed with the SEC.

\* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this Report.

\* \* \* \* \*

### Item 16. Form 10-K Summary

None.

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## GENERAL MOTORS COMPANY AND SUBSIDIARIES

### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL MOTORS COMPANY (Registrant)

By: /s/ MARY T. BARRA

Mary T. Barra  
Chair and Chief Executive Officer

Date: February 2, 2022

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 2nd day of February 2022 by the following persons on behalf of the registrant and in the capacities indicated, including a majority of the directors.

<u>Signature</u>	<u>Title</u>
<u>/s/ MARY T. BARRA</u> Mary T. Barra	Chair and Chief Executive Officer
<u>/s/ PAUL A. JACOBSON</u> Paul A. Jacobson	Executive Vice President and Chief Financial Officer
<u>/s/ CHRISTOPHER T. HATTO</u> Christopher T. Hatto	Vice President, Global Business Solutions and Chief Accounting Officer
<u>/s/ PATRICIA F. RUSSO*</u> Patricia F. Russo	Lead Director
<u>/s/ ANEEL BHUSRI*</u> Aneel Bhusri	Director
<u>/s/ WESLEY G. BUSH*</u> Wesley G. Bush	Director
<u>/s/ LINDA R. GOODEN*</u> Linda R. Gooden	Director
<u>/s/ JOSEPH JIMENEZ*</u> Joseph Jimenez	Director
<u>/s/ JANE L. MENDILLO*</u> Jane L. Mendillo	Director
<u>/s/ JUDITH A. MISCIK*</u> Judith A. Miscik	Director
<u>/s/ THOMAS M. SCHOEWE*</u> Thomas M. Schoewe	Director
<u>/s/ CAROL M. STEPHENSON*</u> Carol M. Stephenson	Director
<u>/s/ MARK A. TATUM*</u> Mark A. Tatum	Director
<u>/s/ DEVIN N. WENIG*</u> Devin N. Wenig	Director
<u>/s/ MARGARET C. WHITMAN*</u> Margaret C. Whitman	Director

\*By: /s/ CRAIG B. GLIDDEN

Craig B. Glidden

*Attorney-in-Fact*



