General Motors Co
Form 10-K
February 04, 2015

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004
Form 10-K

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

For the fiscal year ended December 31, 2014
OR

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

For the transition period from to

Commission file number 001-34960
GENERAL MOTORS COMPANY
(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE	27-0756180
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
300 Renaissance Center, Detroit, Michigan	48265-3000
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code
(313) 556-5000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock	New York Stock Exchange/Toronto Stock Exchange
Warrants (expiring December 31, 2015)	New York Stock Exchange
Warrants (expiring July 10, 2016)	New York Stock Exchange
Warrants (expiring July 10, 2019)	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ 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 þ

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 þ No ¨

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “small reporting company” in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
Do not check if smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ
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 $58.2 billion on June 30, 2014.
As of January 28, 2015 the number of shares outstanding of common stock was 1,610,365,961 shares.

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

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

Automotive

Our automotive operations meet the demands of our customers through our four automotive segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO) and GM South America (GMSA). Our total worldwide retail vehicle sales were 9.9 million, 9.7 million and 9.3 million including sales by joint ventures on a total vehicle basis, not based on the percentage ownership in the joint venture in the years ended December 31, 2014, 2013 and 2012.

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

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

Competitive Position

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

Vehicle Sales

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

Wholesale Vehicle Sales

Wholesale vehicle sales data, which represents sales directly to dealers and others, is the measure that correlates vehicle sales to our revenue from the sale of vehicles, which is the largest component of automotive Net sales and revenue. Wholesale vehicle sales exclude vehicles produced by unconsolidated joint ventures. In the year ended December 31, 2014, 52.9% of our wholesale vehicle sales volume was generated outside the U.S. The following table summarizes total wholesale vehicle sales of new vehicles by automotive segment (vehicles in thousands):

	Years ended December 31,								
	2014			2013			2012		
GMNA	3,320	55.0	%	3,276	51.1	%	3,207	49.8	%
GME	1,172	19.4	%	1,163	18.1	%	1,231	19.1	%
GMIO	655	10.9	%	921	14.4	%	957	14.8	%
GMSA	886	14.7	%	1,053	16.4	%	1,050	16.3	%
Worldwide	6,033	100.0	%	6,413	100.0	%	6,445	100.0	%

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Retail Vehicle Sales

Retail vehicle sales data, which represents estimated sales to the end customer, including fleets, does not correlate directly to the revenue we recognize during the period. However, retail vehicle sales data is indicative of the underlying demand for our vehicles, is the basis for our market share, and is based upon the good faith estimates of management. Retail vehicle sales data includes sales by joint ventures on a total vehicle basis, not based on the percentage of ownership in the joint venture. Certain joint venture agreements in China allow for the contractual right to report vehicle sales of non-GM trademarked vehicles by those joint ventures. Market share information is based primarily on retail vehicle sales volume, but estimates may be used where retail vehicle sales volume is not available.

In countries where end customer data is not readily available other data sources, such as wholesale or forecast volumes, are used to estimate retail vehicle sales. Certain fleet sales that are accounted for as operating leases are included in retail vehicle sales at the time of delivery to the daily rental car companies. The following table summarizes total industry retail sales volume, or estimated sales volume where retail sales volume is not available, of new vehicles and the related competitive position by geographic region (vehicles in thousands):

	Years Ended December 31,								
	2014			2013			2012		
	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry
North America									
United States	16,858	2,935	17.4 %	15,894	2,786	17.5 %	14,794	2,596	17.5 %
Other	3,379	478	14.1 %	3,201	448	14.0 %	3,041	423	13.9 %
Total North America	20,237	3,413	16.9 %	19,095	3,234	16.9 %	17,835	3,019	16.9 %
Europe									
Germany	3,357	237	7.1 %	3,258	242	7.4 %	3,394	254	7.5 %
United Kingdom	2,845	305	10.7 %	2,597	301	11.6 %	2,335	272	11.7 %
Russia	2,541	189	7.4 %	2,834	258	9.1 %	3,006	288	9.6 %
Other	9,988	525	5.3 %	9,715	592	6.1 %	9,878	655	6.6 %
Total Europe	18,731	1,256	6.7 %	18,404	1,393	7.6 %	18,613	1,469	7.9 %
Asia/Pacific, Middle East and Africa									
China	23,861	3,540	14.8 %	22,202	3,160	14.2 %	19,394	2,836	14.6 %
Other	19,119	838	4.4 %	19,117	898	4.7 %	19,113	919	4.8 %
Total Asia/Pacific, Middle East and Africa	42,980	4,378	10.2 %	41,319	4,058	9.8 %	38,507	3,755	9.7 %
South America									
Brazil	3,498	579	16.6 %	3,767	650	17.3 %	3,802	643	16.9 %
Other	1,803	299	16.6 %	2,173	387	17.8 %	2,044	408	20.0 %
Total South America	5,301	878	16.6 %	5,940	1,037	17.5 %	5,846	1,051	18.0 %
Total Worldwide	87,249	9,925	11.4 %	84,758	9,722	11.5 %	80,801	9,294	11.5 %
United States									
Cars	7,688	1,085	14.1 %	7,556	1,067	14.1 %	7,174	1,031	14.4 %
Trucks	4,753	1,113	23.4 %	4,247	998	23.5 %	3,946	933	23.7 %
Crossovers	4,417	737	16.7 %	4,091	721	17.6 %	3,674	632	17.2 %
Total U.S.	16,858	2,935	17.4 %	15,894	2,786	17.5 %	14,794	2,596	17.5 %

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The following table summarizes the vehicle sales at our China joint ventures (China JVs) that are included in our retail vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2014	2013	2012
SAIC General Motors Sales Co., Ltd. (SGMS)	1,710	1,515	1,331
SAIC-GM-Wuling Automobile Co., Ltd. and FAW-GM Light Duty Commercial Vehicle Co., Ltd.	1,830	1,644	1,501

In the year ended December 31, 2014 we estimate we had the largest market share in North America and South America, the number six market share in Europe and the number two market share in the Asia/Pacific, Middle East and Africa region. In the year ended December 31, 2014 the Asia/Pacific, Middle East and Africa region was our largest region by retail vehicle sales volume and represented 44.1% of our global retail vehicle sales.

Our retail vehicle sales volumes in the year ended December 31, 2014 grew at a slightly slower pace than the overall industry, resulting in a 0.1% industry share decline. All new and refreshed vehicles gained share in 2014, but were outpaced by losses on vehicles that were late in their lifecycle, largely due to an aggressive competitive environment. Our retail vehicle sales volumes in the year ended December 31, 2013 reflect continued recovery in the U.S. despite an intense competitive environment. Growth was largely attributed to new or refreshed models. Our retail vehicle sales volumes in the year ended December 31, 2012 reflect an intensified competitive environment in the U.S., including aggressive competitor pricing and media spending, as well as key competitor new product launches.

Fleet Sales and Deliveries

The sales and market share data provided previously includes both retail and fleet vehicle sales. Certain fleet transactions, particularly daily rental, are generally less profitable than retail sales. A significant portion of the sales to daily rental car companies are recorded as operating leases under U.S. GAAP with no recognition of revenue at the date of initial delivery due to guaranteed repurchase obligations. The following table summarizes estimated fleet sales and those sales as a percentage of total retail vehicle sales (vehicles in thousands):

	Years Ended December 31,					
	2014		2013		2012	
GMNA	814		758		775	
GME	505		490		500	
GMIO	414		415		408	
GMSA	176		184		190	
Total fleet sales	1,909		1,847		1,873	
Fleet sales as a percentage of total retail vehicle sales	19.2	%	19.0	%	20.2	%

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

	Years Ended December 31,					
	2014		2013		2012	
Daily rental sales	450		439		431	
Other fleet sales	254		217		242	
Total fleet sales	704		656		673	
Fleet sales as a percentage of total U.S. retail vehicle sales						
Cars	29.5	%	26.4	%	30.6	%

Trucks	21.8 %	24.2 %	25.3 %
Crossovers	19.1 %	18.6 %	19.2 %
Total vehicles	24.0 %	23.6 %	25.9 %

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Product Pricing

Several methods are used to promote our products, including the use of dealer, retail and fleet incentives such as customer rebates and finance rate support. The level of incentives is dependent in large part upon the level of competition in the markets in which we operate and the level of demand for our products. In 2015 we will continue to price vehicles competitively, including offering strategic and tactical incentives as required. We believe this strategy, coupled with sound inventory management, will continue to strengthen the reputation of our brands and result in competitive prices.

Cyclical Nature of Business

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

Relationship with Dealers

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

The following table summarizes the number of authorized dealerships:

	December 31, 2014	December 31, 2013	December 31, 2012
GMNA	4,908	4,946	5,015
GME	6,633	7,087	7,574
GMIO	7,699	7,472	6,915
GMSA	1,272	1,201	1,250
Total worldwide	20,512	20,706	20,754

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

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

Research, Product Development and Intellectual Property

Costs for research, manufacturing engineering, product engineering and design and development activities relate primarily to developing new products or services or improving existing products or services including activities related to vehicle emissions control, improved fuel economy and the safety of drivers and passengers. In the years ended December 31, 2014, 2013 and 2012 research and development expenses were $7.4 billion, $7.2 billion and $7.4 billion.

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

Fuel Efficiency

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We are fully committed to improving fuel efficiency and meeting regulatory standards through a combination of strategies including: (1) extensive technology improvements to conventional powertrains; (2) increased use of smaller displacement engines and improved and advanced automatic transmissions; and (3) vehicle improvements including increased use of lighter, front-wheel drive architectures.

Alternative Fuel Vehicles

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

We currently offer 13 FlexFuel vehicles in the U.S. for the 2015 model year plus an additional four models to fleet and commercial customers capable of operating on gasoline, E85 ethanol or any combination of the two. We continue to study the future role FlexFuel vehicles may play in the U.S. in light of recent regulatory developments and the rate of development of the refueling infrastructure. In Brazil a substantial majority of vehicles sold were FlexFuel vehicles capable of running on 100% ethanol blends. We also market FlexFuel vehicles in Australia, Thailand and other global markets where biofuels have emerged in the marketplace.

We produce CNG bi-fuel capable vehicles in Europe such as the Opel Zafira and in the U.S. with the Chevrolet Express and GMC Savana full-size vans (fleet and commercial customers) and the Chevrolet Silverado and GMC Sierra 2500 HD pick-up trucks (commercial and retail customers) that are capable of switching between gasoline or diesel and CNG. In addition we recently launched the CNG bi-fuel Chevrolet Impala full-size sedan to both fleet and retail markets in the U.S. We offer LPG capable vehicles globally in select markets reflecting the infrastructure, regulatory focus and natural resource availability of the markets in which they are sold.

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

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

We are investing significantly in multiple technologies offering increasing levels of vehicle electrification including eAssist, plug-in hybrid, extended range and battery electric vehicles. We currently offer seven models in the U.S. featuring some form of electrification and continue to develop plug-in hybrid electric vehicle technology (PHEV) and extended range electric vehicles such as the Chevrolet Volt, Opel Ampera and Cadillac ELR. In 2014 we introduced the Cadillac ELR extended range luxury coupe and introduced a second-generation Chevrolet Volt at the 2015 North American International Auto Show. The next-generation Chevrolet Volt symbolizes our continued commitment to expansion of vehicle electrification and the development of accompanying electrification technologies including battery systems, electric motors and advanced electronic controls.

Hydrogen Fuel Cell Technology

As part of our long-term strategy to reduce petroleum consumption and greenhouse gas emissions we are committed to continuing development of our hydrogen fuel cell technology. Our Chevrolet Equinox fuel cell electric vehicle demonstration programs, such as Project Driveway, have accumulated more than 3 million miles of real-world driving by consumers, celebrities, business partners and government agencies. These programs are helping us identify consumer and infrastructure needs to understand the business case for potential production of this technology.

GM and Honda entered into a long-term agreement to co-develop a next-generation fuel cell system and hydrogen storage technologies, aiming for the 2020 timeframe. The collaboration expects to succeed by sharing expertise, economies of scale and common sourcing strategies and builds upon GM's and Honda’s strengths as leaders in hydrogen fuel cell technology.

OnStar, LLC

OnStar, LLC (OnStar) is a wholly-owned subsidiary of GM serving more than 6.8 million subscribers in the U.S., Canada, Mexico and, through a joint venture, China, with expectations to expand to Europe. OnStar is a provider of connected safety, security and mobility solutions and advanced information technology and is available on the majority of our 2015 model year vehicles. OnStar's key services include automatic crash response, stolen vehicle assistance, remote door unlock, turn-by-turn navigation, vehicle diagnostics, hands-free calling and 4G LTE wireless connectivity.

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

Product Development

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

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

Intellectual Property

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

Raw Materials, Services and Supplies

We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers for use in the manufacture of our products. The raw materials are primarily composed of steel, aluminum, resins, copper, lead and platinum group metals. We have not experienced any significant shortages of raw materials and normally do not carry substantial inventories of such raw materials in excess of levels reasonably required to meet our production requirements.

In some instances, we purchase systems, components, parts and supplies from a single source and may be at an increased risk for supply disruptions. The inability or unwillingness of these sources to supply us with parts and supplies could have a material adverse effect on our production capacity. Total purchases from our two largest suppliers have ranged from approximately 10% to 11% of our total purchases from 2012 to 2014.

Environmental and Regulatory Matters

Automotive Emissions Control

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

U.S. and Canada

The U.S. federal government imposes stringent emission control requirements on vehicles sold in the U.S. and additional requirements are imposed by various state governments. Canada's federal government vehicle criteria emission requirements are generally aligned with the U.S. federal requirements. These requirements include vehicle exhaust emission standards, vehicle evaporative emission standards and OBD system requirements. Each model year we must obtain certification for each test group that our vehicles will meet emission requirements from the U.S. Environmental Protection Agency (EPA) before we can sell vehicles in the U.S. and Canada and from the California Air Resources Board (CARB) before we can sell vehicles in California and other states that have adopted the California emissions requirements.

While we believe all our products are in compliance with EPA and CARB certification requirements, both agencies have ongoing “in-use” evaluations of compliance for products from all manufacturers. It is possible that we or either agency could identify potential non-compliance, which could lead to some type of field action to remedy the issue. Testing includes pre-production testing of vehicles as part of certification and in-use testing of customer vehicles at specified mileages.

CARB has adopted its next round of emission requirements which phase in with the 2015 model year. These requirements include more stringent exhaust emission and evaporative emission standards including an increase in zero emission vehicles (ZEV) such as electric vehicles or hydrogen fuel cell vehicles. CARB has adopted 2018 model year and later requirements for increasing volumes of ZEVs to achieve greenhouse gas as well as criteria pollutant emission reductions to help achieve the state's long-term greenhouse gas reduction goals. The EPA has adopted similar exhaust emission and evaporative emission standards which phase in with the 2017 model year. These new requirements will also increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance.

The Clean Air Act permits states that have areas with air quality compliance issues to adopt the California car and light-duty truck emission standards in lieu of the federal requirements. Thirteen states currently have these standards in effect and 10 of these 13 states have adopted the ZEV requirements.

Europe

Emissions are regulated by two different entities: the European Commission (EC) and the United Nations Economic Commission for Europe (UNECE). The EC imposes harmonized emission control requirements on vehicles sold in all 28 European Union (EU) Member States and other countries apply regulations under the framework of the UNECE. We must demonstrate that vehicles will meet emission requirements from an approval authority before we can sell vehicles in the EU Member States. The regulatory requirements include random testing of newly assembled vehicles and a manufacturer in-use surveillance program. EU and UNECE requirements are equivalent in terms of stringency and implementation.

A new level of exhaust emission standards for cars and light-duty trucks, Euro 5, was effective in 2011. Future European emission standards focus particularly on further reducing emissions from diesel vehicles. The Euro 6 emission levels will become effective in 2017. The new requirements will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines. To comply with Euro 6 standards we expect that we will need to implement technologies identical to those being developed to meet U.S. emission standards. These technologies will put additional cost pressures on the already challenging European market for small and mid-size diesel vehicles. Gasoline engines are also affected by the new requirements. The measures for gasoline vehicles that require technology to reduce exhaust pollutant emissions will have adverse effects on vehicle fuel economy which drives additional technology cost to maintain fuel economy.

In the long-term, notwithstanding the already low vehicle emissions in Europe, the EC will continue devising regulatory requirements on the emission test cycle, real driving emission, low temperature testing, fuel evaporation and OBD. We are currently in compliance with all material components of these requirements or expect to be in compliance by the required date.

China

China has implemented European type China 4 standards nationally with European OBD requirements nationwide for all newly registered vehicles. Beijing, Shanghai and Guangzhou each required China 5 standards by the end of 2014 for newly registered vehicles. Tianjin, Hebei Province, the Pearl River and the Yangtze River delta regions are each expected to require China 5 standards prior to nationwide implementation of China 5 in 2017. The Beijing municipality is currently considering the implementation of a China unique emission standard for China 6 with the potential to combine elements of European and U.S. standards as early as 2017. We are currently in compliance with all material components of these requirements or expect to be in compliance by the required date.

Automotive Fuel Economy

U.S.

Corporate Average Fuel Economy (CAFE) reporting is required for three separate fleets: domestically produced cars, imported cars and light-duty trucks. Both car and light-duty truck standards were established using targets for various vehicle sizes and vehicle model sales volumes. In 2015 our domestic car standard is estimated to be 34.8 mpg, our import car standard is estimated

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at 38.4 mpg, and our light-duty truck standard is estimated to be 25.6 mpg. Our current product plan is expected to be compliant with the federal CAFE program through the 2015 model year. In addition to federal CAFE the U.S. EPA requires compliance with greenhouse gas requirements that are similar to the CAFE program. Our current product plan is expected to be compliant with the federal greenhouse gas program through the 2015 model year. CARB has agreed that compliance with the federal program is deemed to be compliant with the California program for the 2012 through 2016 model years.

Europe

Legislation regulating fleet average CO_2 emissions was implemented for passenger cars in 2012 with full compliance required by 2015. Requirements must be met through the introduction of CO_2 reducing technologies on conventional engines or ultra-low CO_2 vehicles such as the Chevrolet Volt and Opel Ampera. The EU has adopted an even more stringent CO_2 regulation as of 2020. Along with the passenger car target, the EU also adopted a new fleet average target as of 2020. We are developing a compliance plan by adopting operational CO_2 targets for each market entry in Europe.

Effective in 2012 an EC regulation required low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators. An additional EC regulation has been adopted that will require labeling of tires for noise, fuel efficiency and rolling resistance, affecting vehicles at the point of sale as well as the sale of tires in the aftermarket.

China

China has both an individual vehicle pass-fail type approval requirement based on Phase 2 standards and a fleet fuel consumption requirement based on Phase 3 standards based on vehicle curb weight for the 2012 through 2015 calendar years. Implementation began in 2012 with full compliance to 6.9L/100km required by 2015. China has continued subsidies for fuel efficient vehicles, plug-in hybrid, battery electric and fuel cell vehicles. China is now working on a more aggressive Phase 4 fleet fuel consumption standard that is expected to apply beginning in 2016, with full compliance to 5.0L/100km required by 2020.

Industrial Environmental Control

Environmental Matters

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental cleanup. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances these laws impose joint and several liability as well as liability for related damages to natural resources. Refer to Note 17 to our consolidated financial statements for additional information on environmental matters including site remediation.

To mitigate the effects our worldwide operations have on the environment we are committed to convert as many of our worldwide facilities as possible to landfill-free facilities. At December 31, 2014, 88 (or approximately 50%) of our manufacturing facilities were landfill-free facilities. Additionally we have 34 non-manufacturing facilities that are landfill free. At our landfill-free manufacturing facilities approximately 93% of waste materials are recycled or reused and 6% is converted to energy at waste-to-energy facilities. Including construction, demolition and remediation wastes, we estimate that we recycled, reused, or composted over 2 million metric tons of waste materials at our global manufacturing operations and estimate that we converted approximately 100,000 metric tons of waste materials to energy at waste-to-energy facilities in the year ended December 31, 2014.

In addition to providing environmental benefits our landfill-free program and total waste reduction commitments generate revenue from the sale of production by-products, reduce our carbon footprint, and help to reduce the risks and financial liabilities associated with waste disposal.

We continue to search for ways to increase our use of renewable energy and improve our energy efficiency. At December 31, 2014 we have implemented projects globally that have increased our renewable energy capacity by over 35 megawatts, bringing our total renewable energy capacity to over 100 megawatts. In 2014 we also met the Environmental Protection Agency Energy Star Challenge for Industry at an additional 14 of our sites globally by reducing energy intensity an average of 17%. To meet the EPA challenge industrial sites must reduce energy intensity by 10% in five years or fewer. All 14 sites achieved the goal in no more than four years, with most meeting it in less than two years, bringing the total number of GM-owned sites to have met the Energy Star Challenge to 70.

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.

U.S. and Canada

Governmental agencies in both the U.S. and Canada continue to introduce new regulations and legislation related to the selection and use of chemicals or substances of concern by mandating broad prohibitions, 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. Chemical restrictions in Canada are progressing more rapidly than in the U.S. as a result of Environment Canada’s Chemical Management Plan to assess existing substances and implement risk management controls on any chemical deemed toxic. These emerging regulations will potentially lead to increases in costs and supply chain complexity. We are currently in compliance with all material components of these requirements or expect to be in compliance by the required date.

The U.S. Congress is currently pursuing an update of the Toxic Substances Control Act to grant the EPA more authority to regulate and ban chemicals from use in the U.S. which, if passed, is expected to greatly increase the level of regulation of chemicals in vehicles.

Europe

In 2007 the EU implemented its regulatory requirements, the EU REACH regulation among others, to register, evaluate, authorize and restrict the use of chemical substances. This regulation requires chemical substances manufactured in or imported into the EU to be registered with the European Chemicals Agency before 2018. Under this regulation, “substances of very high concern” may either require authorization for further use or may be restricted in the future. This could potentially increase the cost of certain alternative substances that are used to manufacture vehicles and parts, or result in a supply chain disruption when a substance is no longer available to meet production timelines. Our research and development initiatives may be diverted to address future requirements. We are currently in compliance with all material components of these requirements or expect to be in compliance by the required date.

Safety

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

Outside the U.S. safety standards and recall regulations often have the same purpose as the U.S. standards but may differ in their requirements and test procedures. Other countries sometimes pass regulations which are more stringent than U.S. standards. Refer to Note 13 for more information on significant recall activities in 2014.

Vehicular Noise Control

In the U.S. passenger cars and light-duty trucks are subject to state and local motor vehicle noise regulations. We identify the most stringent state and local requirements and validate to those requirements. Medium to heavy-duty trucks are regulated at the federal level.

Outside the U.S. noise regulations have been established by authorities at the national and supranational level. We believe that our vehicles meet all applicable noise regulations in the markets where they are sold. In 2014 the EU published a directive that mandates a significant decrease in vehicle noise emissions with a mandatory application beginning in 2016. The directive of the EU also forms the basis for amendment to UNECE vehicle regulations, with the effect that maximum noise regulations will become more stringent in all markets outside of North America.

While current noise emission requirements regulate maximum allowable noise levels, formal proposals are under development to regulate minimum sound levels. These proposals stem from concern that relatively quiet vehicles, specifically hybrids and electrics, may not be readily heard by pedestrians. In the U.S., National Highway Transportation Safety Administration (NHTSA) issued a Notice of Proposed Rulemaking in January 2013 and the U.S. Department of Transportation indicated a final rule is expected to be published in 2015. The UNECE is developing a Global Technical Regulation, sponsored by the U.S., Japan, and the EU, for manufacturers to equip vehicles with pedestrian alerting devices where the vehicle fails to meet minimum sound emission levels.

Automotive Financing - GM Financial

GM Financial is our global captive automotive finance company. GM Financial conducts its business in North America and, as a result of the 2013 acquisition of the Ally Financial international operations, in Europe and Latin America. Latin America includes operations located in Brazil, Chile, Colombia and Mexico. In January 2015 GM Financial completed the acquisition of Ally Financial's equity interest in SAIC-GMAC Automotive Finance Company Limited (formerly known as GMAC-SAIC Automotive Finance Company Limited) (SAIC-GMAC) which conducts automotive finance and financial services operations in China.

GM Financial provides consumer lending, both loan and lease, across the credit spectrum. Additionally GM Financial offers commercial products to dealer customers that include new and used vehicle inventory financing, inventory insurance, working capital, capital improvement loans, fleet financing and storage center financing.

In North America GM Financial's consumer automobile finance programs include sub-prime lending, full credit spectrum leasing and, more recently, prime lending. The sub-prime lending program is primarily offered to consumers with FICO scores 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 is currently seeking to expand its prime lending programs through our franchised dealers and anticipates that prime lending will become an increasing percentage of originations and the consumer portfolio balance over time. The leasing product is offered through our franchised dealers and primarily targets prime consumers leasing new vehicles.

Internationally GM Financial’s consumer automobile finance programs focus on financing prime quality consumers, leasing in several countries and finance-related insurance products through third parties, such as credit life, gap and extended warranty coverage.

GM Financial 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, through securitization transactions where such markets are developed and through the issuance of unsecured debt.

GM Financial retains an interest in the securitization transactions in the form of restricted cash accounts and overcollateralization, whereby more receivables are transferred to the securitization trusts than the amount of asset-backed securities issued by the securitization trusts, as well as the estimated future excess cash flows expected to be received by GM Financial over the life of the securitization. Excess cash flows result from the difference between the finance charges received from the obligors on the receivables and the interest paid to investors in the asset-backed securities net of credit losses and expenses. Excess cash flows in the securitization trusts are initially retained to fund credit enhancement requirements in order to attain specific credit ratings for the asset-backed securities issued by the securitization trusts. Once targeted credit enhancement requirements are reached and maintained excess cash flows are distributed to GM Financial.

Employees

At December 31, 2014 we employed 216,000 employees of whom 136,000 (63%) were hourly employees and 80,000 (37%) were salaried employees. At December 31, 2014, 51,000 (56%) of our U.S. employees were represented by unions, a majority of which were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The following table summarizes worldwide employment (in thousands):

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

	December 31, 2014	December 31, 2013	December 31, 2012
GMNA(a)	110	109	101
GME	37	37	40
GMIO	33	36	36
GMSA	29	31	32
GM Financial(b)	7	6	4
Total Worldwide	216	219	213
U.S. - Salaried	40	36	30
U.S. - Hourly	51	51	50

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(a) Increase in GMNA employees in the year ended December 31, 2013 includes an increase of approximately 4,000 employees due to insourcing of certain information technology support functions that were previously provided by outside parties and an increase of approximately 3,000 employees due to increase in launches and ramp up in manufacturing volume.

(b) Increase in GM Financial employees in the year ended December 31, 2013 is due to the acquisition of the Ally Financial international operations.

Executive Officers of the Registrant

As of February 4, 2015 the names and ages of our executive officers and their positions and offices with GM are as follows:

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

Name (Age)	Present GM Position (Effective Date)	Positions Held During the Past Five Years if Other than Present GM Position (Effective Date)
Mary T. Barra (53)	Chief Executive Officer and Member of the Board of Directors (2014)	Executive Vice President, Global Product Development, Purchasing & Supply Chain (2013) Senior Vice President, Global Product Development (2011) Vice President, Global Human Resources (2009)
Daniel Ammann (42)	President (2014)	Executive Vice President & Chief Financial Officer (2013) Senior Vice President & Chief Financial Officer (2011) GM Vice President, Finance & Treasurer (2010) Morgan Stanley - Managing Director and Head of Industrial Investment Banking (2004)
Jaime Ardila (59)	Executive Vice President & President, South America (2013)	Vice President & President, South America (2010) President and Managing Director of GM Mercosur (2007)
Alan S. Batey (51)	Executive Vice President & President, GM North America (2014)	Senior Vice President, Global Chevrolet and Brand Chief and U. S. Sales and Marketing (2013) GM Vice President, U.S. Sales and Service, and Interim GM Chief Marketing Officer (2012) Vice President, U.S. Chevrolet Sales and Service (2010) Chairman & Managing Director, Holden, Ltd. (2009)
James B. DeLuca (53)	Executive Vice President, Global Manufacturing (2014)	Vice President, Manufacturing, GM International Operations (2013) Vice President, Quality, GM International Operations (2009)
Stefan Jacoby (56)	Executive Vice President, GM Consolidated International Operations (2013)	Volvo Car Corporation - Global Chief Executive Officer and President (2010) Volkswagen Group of America - Chief Executive Officer and President (2007)
Michael P. Millikin (66)(a)	Executive Vice President & General Counsel (2013)	Senior Vice President & General Counsel (2011) GM Vice President & General Counsel (2009)
Karl-Thomas Neumann (53)	Executive Vice President & President, GM Europe & Chairman of the Management Board of Opel Group GmbH (2013)	CEO, Opel Group GmbH & President, GM Europe (2013) Volkswagen Group China - Chief Executive Officer and President (2010) Volkswagen Group - Executive Vice President, Electromobility (2009)
Mark L. Reuss (51)	Executive Vice President, Global Product Development, Purchasing & Supply Chain (2014)	Executive Vice President & President, North America (2013) GM Vice President & President, North America (2009) GM Vice President, Global Vehicle Engineering (2009)
Charles K. Stevens, III (55)	Executive Vice President & Chief Financial Officer (2014)	Chief Financial Officer, GM North America (2010) Interim Chief Financial Officer, GM South America (2011) Executive Director, Finance, GM de Mexico (2008)
Matthew Tsien (54)	Executive Vice President & President, GM China, Inc. (2014)	GM Consolidated International Operations Vice President, Planning, Program Management, & Strategic Alliances China (2012) Executive Vice President, SAIC GM Wuling (2009)
Thomas S. Timko (46)		

	GM Vice President, Controller & Chief Accounting Officer (2013)	Applied Materials Inc. - Corporate Vice President, Chief Accounting Officer, and Corporate Controller (2010) Delphi Automotive Corporation - Chief Accounting Officer and Controller (2006)

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(a) Retiring effective July 2015 and available for consulting services to the Company through 2015.

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

Segment Reporting Data

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Operating segment data and principal geographic area data for the years ended December 31, 2014, 2013 and 2012 are summarized in Note 25 to our consolidated financial statements.

Website Access to Our Reports

Our internet website address is www.gm.com. In addition to the information about us and our subsidiaries contained in this 2014 Form 10-K information about us can be found on our website including information on our corporate governance principles. Our website and information included in or linked to our website are not part of this 2014 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 public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally the SEC maintains an internet site that contains reports, proxy and information statements and other information. The address of the SEC's website is www.sec.gov.

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Item 1A. Risk Factors

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

Our business is highly dependent on the global automobile market sales volume, which can be volatile.

Our business and financial results are highly sensitive to sales volume. A number of economic and market conditions drive changes in vehicle sales, including real estate values, levels of unemployment, the availability of credit, fluctuations in the cost of fuel, consumer confidence and global economic conditions. We cannot predict future economic and market conditions with certainty.

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

The automotive industry, particularly in the U.S., is very competitive with market participants routinely introducing new and improved vehicle models designed to meet consumer expectations, and in the past our competitors have been very successful in persuading customers that previously purchased our products to purchase their vehicles instead. Producing new and improved vehicle models on a basis competitive with the models introduced by our competitors and preserving our reputation for designing, building and selling safe and high quality cars that meet customer preferences is critical to our long-term profitability. We will launch a substantial number of new vehicles in 2015. A successful launch of our new vehicles is critical to our short-term profitability.

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

Our profitability is dependent upon the success of our higher margin vehicles and luxury brands.

While we offer a balanced and complete portfolio of small, mid-size and large cars, cross-overs, sport utility vehicles (SUVs) and trucks, we generally recognize higher profit margins on our full-size pick-up trucks and SUVs. Our success is dependent upon consumer preferences and our ability to market our higher margin vehicles.

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

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

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 quantities of systems, components, raw materials and parts. 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 from a single source and may be at an increased risk for supply disruptions. Where we experience supply disruptions, we may not be able to develop alternate sourcing quickly. Any disruption of our production schedule caused by an unexpected shortage of systems, components, raw materials or parts even for a relatively short period of time could cause us to alter production schedules or suspend production entirely.

An increase in cost of raw materials could materially harm our business.

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

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

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

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

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer preferences and regulatory requirements. Large original equipment manufacturers are able to benefit from economies of scale by leveraging their investments and activities on a global basis across brands and nameplates. If our competitors consolidate or enter into other strategic agreements such as alliances, they may be able to take better advantage of these economies of scale to enhance their competitiveness or liquidity position.

Our business plan contemplates that we restructure our operations in various European countries, but we may not succeed in doing so.

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We face difficult market and operating conditions in certain parts of the world that may require us to restructure, impair or rationalize these operations. In many countries across our regions we have experienced challenges in our operations and continue to strategically assess the manner in which we operate in certain countries. As we continue to assess our performance throughout the regions, additional restructuring, impairment and rationalization actions may be required and may be material. The key areas of our plan include: (1) investments in our product portfolio; (2) a revised brand strategy; and (3) reducing material, development and production costs. The success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external economic factors, which are outside of our control.

We could be materially adversely affected by a negative outcome in unusual or significant litigation, governmental investigations or other legal proceedings related to the Ignition Switch Recall.

We are subject to legal proceedings involving various issues, including product liability lawsuits, stockholder litigation and governmental investigations, including class actions related to the Ignition Switch Recall, such as a lawsuit for the alleged diminished value of vehicles affected by the Ignition Switch Recall. Refer to the "GM North America" section of Management's Discussion and Analysis of Financial Conditions and Results of Operations (MD&A) for additional information on the Ignition Switch Recall. At this point we are unable to predict the duration, scope, developments in, results of or consequences of the government's investigations. Such lawsuits and investigations could in the future result in the imposition of damages, substantial fines, 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 significant legal and other costs. Because the matters are ongoing there can be no assurance as to how the resulting consequences, if any, may impact our business, reputation, consolidated financial condition, results of operations or cash flow. We cannot currently estimate the potential liability, damages or range of potential loss as a result of the legal proceedings and governmental investigations. For a further discussion of these matters refer to Note 17 to our consolidated financial statements.

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

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

We are subject to extensive governmental laws, regulations and policies including safety, fuel economy, and greenhouse gas emissions, the enforcement of which or changes to existing ones, may have a significant effect on how we do business.

We are affected significantly by governmental regulations that can increase costs related to the production of our vehicles and affect our product portfolio. We anticipate that the number and extent of these regulations, and the related costs and changes to our product lineup, will increase significantly in the future. These government regulatory requirements could significantly affect our plans for global product development and may result in substantial costs, including civil or criminal penalties. They may also result in limits on the types of vehicles we sell and where we sell them, which can affect revenue.

In the U.S. automotive safety standards are regulated by the NHTSA, whose regulators require that automotive manufacturers implement safety measures such as recalls for vehicles that do not or may not comply with relevant safety standards. Due to these regulations, we could be subject to civil or criminal penalties or may incur various costs including significant costs for free repairs, if we are required to, or voluntarily decide to, implement safety measures such as a recall. For example, we are currently facing U.S. Attorney for the Southern District of New York, Congressional, SEC, Transport Canada and state investigations related to the Ignition Switch Recall.

In the U.S. vehicle fuel economy and greenhouse gas emissions are regulated under a harmonized national program administered by the NHTSA and the EPA.

We are committed to meeting or exceeding these U.S. regulatory requirements. We expect that to comply with these requirements we will be required to sell a significant volume of hybrid electric vehicles, as well as implement new technologies for conventional internal combustion engines, all at increased cost levels. There is no assurance that we will be able to produce and sell vehicles that use such technologies on a profitable basis or that our customers will purchase such vehicles in the quantities necessary for us to comply with these regulatory programs.

If we are not able to comply with specific new requirements then we could be subject to sizeable civil penalties or have to restrict product offerings drastically to remain in compliance. Environmental liabilities for which we may be responsible are not reasonably estimable and could be substantial. Violations of safety or emissions standards could result in the recall of one or more of our products, negotiated remedial actions, possible fines or a combination of any of those items. We must also cover the cost of repairs conducted under emission defect and performance warranties which apply for specified periods of time and mileage. In turn any of these actions could have substantial adverse effects on our operations including facility idling, reduced employment, increased costs and loss of revenue.

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 assumptions and investments that do not achieve adequate returns.

Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies is disclosed in the "Critical Accounting Estimates" section of the MD&A and Note 15 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments.

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

Our future funding requirements for our U.S. defined benefit pension plans qualified with the Internal Revenue Service (IRS) depend upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in government laws and regulations. Future funding requirements generally increase if the discount rate decreases or if actual asset returns are lower than expected asset returns, as other factors are held constant. Our potential funding requirements are described in Note 15 to our consolidated financial statements.

Factors which 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.

Shortages of and volatility in the price of oil may cause shifts in consumer vehicle demand.

Volatile oil prices in recent years have tended to cause a shift in consumer demand towards smaller, more fuel-efficient vehicles, which provide lower profit margins. Any increases in the price of oil or any sustained shortage of oil, including as a result of political instability in the Middle East, South America and African nations, could weaken the demand for our higher margin full-size pick-up trucks and SUVs, which could decrease. Lower oil prices in oil producing countries could also impact our ability to sell vehicles in those countries.

We rely on GM Financial to provide financial services to our dealers and customers in a majority of the markets in which we sell vehicles. GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations and its ability to provide leasing and financing to consumers and commercial lending to our dealers to support additional sales of our vehicles.

We rely on GM Financial in North America, Europe, South America and China to support leasing and sales of our vehicles to consumers requiring vehicle financing and also to provide commercial lending to our dealers. Any reduction of 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 consumers and dealers. The factors that could adversely affect GM Financial's business and operations and reduce its ability to provide financing services at competitive rates include:

- The availability of borrowings under its credit facilities to fund its consumer and dealer finance activities;
- Its ability to access a variety of financing sources including the asset-backed securities market and other secured and unsecured debt markets;
- The performance of loans and leases in its portfolio, which could be materially affected by delinquencies, defaults or prepayments;

- Wholesale auction values of used vehicles;
- Higher than expected vehicle return rates and the residual value performance on vehicles GM Financial leases;
- Fluctuations in interest rates and currencies; and
- Changes to regulation, supervision and licensing across various jurisdictions.

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

We intend to invest significant capital resources to support our products and to develop new technology. In addition we plan to invest heavily in alternative fuel and advanced propulsion technologies in 2015, largely to support our planned expansion of hybrid and electric vehicles. However if our future operations do not provide us with the cash flow we anticipate, we may be forced to reduce, delay or cancel our planned investments in new technology.

In some cases the technologies that we plan to employ are not yet commercially practical and depend on significant future technological advances by us and by suppliers. There can be no assurance that advances in technology will occur in a timely or feasible way, that the funds that we have budgeted for these purposes will be adequate or that we will be able to establish our right to these technologies.

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

We rely upon information technology networks and systems, including in-vehicle systems and mobile devices, some of which are managed by third-parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain management, manufacturing, invoicing and collection of payments from our dealer network and from customers of GM Financial. Additionally we collect and store sensitive data, including intellectual property, proprietary business information, propriety business information of our dealers and suppliers, as well as personally identifiable information of our customers and employees, in data centers and on information technology networks. The secure operation of these information technology networks, and the processing and maintenance of this information, is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology networks and systems may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to errors or malfeasance by employees, contractors and others who have access to our networks and systems or computer viruses. The occurrence of any of these events could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. We have been the target of these types of attacks in the past with no material known impacts and future attacks are likely to occur. If successful, these types of attacks on our network or systems, including in-vehicle systems and mobile devices, or service failures could have a material adverse effect on our business and results of operations, due to, among other things, the loss of proprietary data, interruptions or delays in our business operations and damage to our reputation. In addition any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations and reduce the competitive advantage we hope to derive from our investment in advanced technologies. Our insurance coverage may not be adequate to cover all the costs related to significant security attacks or disruptions resulting from such attacks.

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

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

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

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

Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The automotive market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market continues to increase we anticipate that additional competitors, both international and domestic, will seek to enter the Chinese market and that existing market participants will act aggressively to increase their market share. Increased competition may result in price reductions, reduced margins and our inability to gain or hold market share. In addition our business in China is sensitive to economic and market conditions that drive sales volume in China.

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

Given the nature of the automotive industry and global spread of our business, we have significant exposures to risks related to changes in foreign currency exchange rates and interest rates. In preparing the consolidated financial statements we translate our revenues and expenses outside the U.S. into U.S. Dollars using the average foreign currency exchange rate for the period and the assets and liabilities using the foreign currency exchange rate at the balance sheet date.

Our businesses outside the U.S. expose us to additional risks.

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

- Economic downturns in foreign countries or geographic regions where we have significant operations, such as China;
- Economic tensions between governments and changes in international trade and investment policies, including imposing restrictions on the repatriation of dividends, especially between the U.S. and China;
- Changes in foreign regulations impacting our overall business model restricting our ability to buy and sell our products in those countries, especially China;
- Differing local product preferences and product requirements, including fuel economy, vehicle emissions and safety;
- Impact of compliance with U.S. and other foreign countries' export controls and economic sanctions;
- Liabilities resulting from U.S. and foreign laws and regulations, including those related to the Foreign Corrupt Practices Act and certain other anti-corruption laws;
- Differing labor regulations and union relationships;
- Consequences from changes in tax laws;
- Difficulties in obtaining financing in foreign countries for local operations; and
- Political and economic instability, natural calamities, war and terrorism.

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Item 1B. Unresolved Staff Comments

None

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Item 2. Properties

At December 31, 2014 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. Leased properties are primarily composed of warehouses and administration, engineering and sales offices.

We have 15 locations in Canada and we have assembly, manufacturing, distribution, office or warehousing operations in 61 other countries, including equity interests in associated companies which perform assembly, manufacturing or distribution operations. The major facilities outside the U.S. and Canada, which are principally vehicle manufacturing and assembly operations, are located in:

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

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

GM Financial leases facilities for administration and regional credit centers. GM Financial has 46 facilities, of which 22 are located in the U.S. The major facilities outside the U.S. are located in Canada, the United Kingdom, Brazil and Spain.

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Item 3. Legal Proceedings

Refer to Note 17 to our consolidated financial statements for information relating to legal proceedings.

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Item 4. Mine Safety Disclosures

Not applicable

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

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

Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. The following table summarizes the quarterly price ranges of our common stock based on high and low prices from intraday trades on the New York Stock Exchange, the principal market on which the stock is traded:

	Years Ended December 31,			
	2014		2013	
	High	Low	High	Low
First quarter	$41.06	$33.57	$30.68	$26.19
Second quarter	$37.18	$31.70	$35.49	$27.11
Third quarter	$38.15	$31.67	$37.97	$33.41
Fourth quarter	$35.45	$28.82	$41.85	$33.92

Holders

At January 28, 2015 we had a total of 1.6 billion issued and outstanding shares of common stock held by 420 holders of record.

Dividends

Since our formation, we had not paid any dividends on our common stock through the year ended December 31, 2013. Beginning in the first quarter of 2014 our Board of Directors declared, and we paid, quarterly dividends on common stock in the amount of $0.30 per share. It is anticipated that dividends on our common stock will continue to be declared and paid quarterly. However our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements and other factors.

Issuer Purchases of Equity Securities

Purchases of Equity Securities for Cash

No shares of common stock were purchased for cash in the three months ended December 31, 2014.

Other Purchases of Equity Securities

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased Under Announced Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under Announced Programs

October 1, 2014 through October 31, 2014	1,886,328	$32.68	N/A	N/A
November 1, 2014 through November 30, 2014	2,833	$31.28	N/A	N/A
December 1, 2014 through December 31, 2014	509,219	$32.53	N/A	N/A
Total	2,398,380	$32.65		

Shares purchased consist of (1) shares of common stock retained by us for the payment of the exercise price upon the exercise of warrants; and (2) shares of common stock delivered by employees or directors back to us for the payment of taxes resulting from issuance of common stock upon the vesting of Restricted Stock Units (RSUs) and Restricted Stock Awards relating to compensation plans. Refer to Note 23 of our consolidated financial statements for additional details on employee stock incentive plans and Note 21 of our consolidated financial statements for additional details on warrants issued.

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Item 6. Selected Financial Data

Selected financial data is summarized in the following table (dollars in millions except per share amounts):

	At and for the Years Ended December 31,				
	2014	2013	2012	2011	2010
Income Statement Data:					
Total net sales and revenue	$155,929	$155,427	$152,256	$150,276	$135,592
Income from continuing operations(a)	$4,018	$5,331	$6,136	$9,287	$6,503
Net income attributable to stockholders	$3,949	$5,346	$6,188	$9,190	$6,172
Net income attributable to common stockholders(b)	$2,804	$3,770	$4,859	$7,585	$4,668
Basic earnings per common share(c)	$1.75	$2.71	$3.10	$4.94	$3.11
Diluted earnings per common share(c)	$1.65	$2.38	$2.92	$4.58	$2.89
Dividends declared per common share	$1.20	$—	$—	$—	$—
Balance Sheet Data:					
Total assets(d)	$177,677	$166,344	$149,422	$144,603	$138,898
Automotive notes and loans payable	$9,410	$7,137	$5,172	$5,295	$4,630
GM Financial notes and loans payable(d)	$37,431	$29,046	$10,878	$8,538	$7,032
Series A Preferred Stock(b)	$—	$3,109	$5,536	$5,536	$5,536
Series B Preferred Stock(e)		$—	$4,855	$4,855	$4,855
Equity(f)	$36,024	$43,174	$37,000	$38,991	$37,159

(a) In the year ended December 31, 2014 we recorded charges of approximately $2.9 billion in Automotive cost of sales related to recall campaigns and courtesy transportation, a catch-up adjustment of $0.9 billion recorded in the three months ended June 30, 2014 related to the change in estimate for recall campaigns and a charge of $0.4 billion related to the ignition switch recall compensation program. In the year ended December 31, 2012 we recorded Goodwill impairment charges of $27.1 billion, the reversal of deferred tax valuation allowances of $36.3 billion in the U.S. and Canada, pension settlement charges of $2.7 billion and GME long-lived asset impairment charges of $5.5 billion.

(b) In December 2014 we redeemed all of the remaining shares of our Series A Preferred Stock for $3.9 billion, which reduced Net income attributable to common stockholders by $0.8 billion. In September 2013 we purchased 120 million shares of our Series A Preferred Stock held by the UAW Retiree Medical Benefits Trust (New VEBA) for $3.2 billion, which reduced Net income attributable to common stockholders by $0.8 billion.

(c) In the years ended December 31, 2012 and 2011 we used the two-class method for calculating earnings per share as the Series B Preferred Stock was a participating security. Refer to Note 22 to our consolidated financial statements for additional detail.

(d) GM Financial acquired Ally Financial's international operations in Europe and Latin America in the year ended December 31, 2013.

(e) In December 2013 all of our Series B Preferred Stock automatically converted into 137 million shares of our common stock.

(f) In December 2012 we purchased 200 million shares of our common stock for a total of $5.5 billion, which directly reduced stockholder's equity by $5.1 billion and we recorded a charge to earnings of $0.4 billion.

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

Basis of Presentation

This MD&A should be read in conjunction with the accompanying consolidated financial statements.

In the three months ended March 31, 2014 we changed our managerial and financial reporting structure to reclassify the results of our Russian subsidiaries previously reported in our GMIO segment to our GME segment. We have retrospectively revised the segment presentation for all periods presented.

Non-GAAP Measures

Management uses earnings before interest and taxes (EBIT)-adjusted to review the operating results of our automotive segments because it excludes interest income, interest expense and income taxes and includes certain additional adjustments. GM Financial uses income before income taxes-adjusted because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. Examples of adjustments to EBIT and GM Financial's income before income taxes include certain impairment charges related to goodwill, other long-lived assets and investments; certain gains or losses on the settlement/extinguishment of obligations; and gains or losses on the sale of non-core investments. Refer to Note 25 to our consolidated financial statements for our reconciliation of these non-GAAP measures to the most directly comparable financial measure under U.S. GAAP.

Management uses adjusted free cash flow to review the liquidity of our automotive operations. We measure adjusted free cash flow as cash flow from operations less capital expenditures adjusted for management actions, primarily related to strengthening our balance sheet, such as accrued interest on prepayments of debt and voluntary contributions to employee benefit plans. Refer to the “Liquidity” section of MD&A for our reconciliation of this non-GAAP measure to the most directly comparable financial measure under U.S. GAAP.

Management uses these non-GAAP measures in its financial and operational decision making processes, for internal reporting and as part of its forecasting and budgeting processes as they provide additional transparency of our core operations. These measures allow management to view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions.

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 in isolation from, or as a substitute for, related U.S. GAAP measures.

Overview

Our strategic plan includes several major initiatives that we anticipate will help us achieve 9% to 10% margins on an EBIT-adjusted basis (EBIT-adjusted margins, calculated as EBIT-adjusted divided by Net sales and revenue) by early next decade: (1) earn customers for life by developing a strong product pipeline, leading the industry in quality and safety and delivering on our commitments; (2) lead the industry in product design, with our light-weighting and mixed material body structures and in leading edge technology, including the launch of 4G LTE in China and expansion of OnStar to Europe; (3) grow our brands, particularly the Cadillac brand in the U.S. and China; (4) continue our growth in China; (5) continue our growth of GM Financial as our captive automotive financing company; and (6) deliver core operating efficiencies by institutionalizing Operational Excellence. Our financial targets include the following:

- Expected EBIT-adjusted and EBIT-adjusted margins improving in all automotive segments in 2015 due primarily to the following anticipated trends: (1) an approximately 3% increase in global industry vehicle sales; (2) improved mix of full-size SUVs and full-size pick-up trucks; and (3) lower overall restructuring costs; partially offset by (4) higher marketing and engineering costs; and (5) unfavorable foreign currency effects;

- Anticipated adjusted automotive free cash flow will be relatively flat in 2015 compared to 2014;

- Forecasted consolidated EBIT-adjusted margins of 9% to 10% by the 2020s;

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- Expected EBIT-adjusted margins of 10% in GMNA in 2016, which we anticipate will be driven by product launches, disciplined pricing and a focus on fixed costs;
- An anticipated return to profitability in GME in 2016 driven by investments in our product portfolio, a revised brand strategy and reducing material, development and production costs assuming Europe does not suffer another recession;
- Expected continued improvement of our results in GMIO (excluding the results of our China JVs) through our emerging market product portfolio, improvements in brand strategy and dealer networks, cost structure and sourcing over the medium term;
- Continued strong net income margins at our China JVs, with plans to invest approximately $14 billion in China through 2018 and increase vehicle sales volumes by nearly 40% by 2018;

- Expected continued improvement of our core operations in GMSA through product launches and material and logistics optimization, with a long-term objective of single digit EBIT-adjusted margins; and

- An anticipated increase of GM Financial's support of the sale of new GM vehicles around the world through a comprehensive suite of financing products, including continuing on the path towards full global captive capability.

Automotive Summary and Outlook

Our consolidated Net income decreased from $5.3 billion to $4.0 billion. Notwithstanding this decrease we had strong financial results in 2014 excluding the impact of recall campaign and courtesy transportation charges. Performance of GMNA met our expectations, while GME and GMIO outperformed our expectations. However, we experienced weaker performance in GMSA due to the challenging environment in Venezuela, Brazil and Argentina.

As more fully described in the "GM North America" section of MD&A we recorded charges of approximately $2.9 billion in Automotive cost of sales relating to recall campaigns and courtesy transportation in the year ended December 31, 2014, of which over 86% was recorded in GMNA.

In the three months ended June 30, 2014 we announced the creation of a compensation program (the Program) to compensate accident victims who died or suffered physical injury (or their families) as a result of a faulty ignition switch related to the 2.6 million vehicles recalled under the Ignition Switch Recall. Refer to the "GM North America" section of MD&A for additional information on the Ignition Switch Recall. It is important to our company that we reach everyone through this Program who has been impacted. The Program is being administered by an independent program administrator. The independent administrator has established a protocol that defines the eligibility requirements to participate in the Program. There is no cap on the amount of payments that can be made to claimants under the Program.

In the three months ended June 30, 2014 we recorded $0.4 billion in Automotive selling, general and administrative expense in Corporate which represents our best estimate of amounts that may be paid under the Program. The amount was treated as an adjustment for EBIT-adjusted reporting purposes. However, it is reasonably possible that the liability could exceed our recorded amount by approximately $0.2 billion. The most significant estimates affecting the amount recorded include the number of participants that have eligible claims related to death and physical injury, which also contemplates the severity of injury, the length of hospital stays and related compensation amounts and the number of people who actually elect to participate in the Program. Our estimate is subject to significant uncertainties, as programs of this nature are highly unusual and each eligible claim will have a unique underlying fact pattern. While we do not anticipate material changes to our current estimate, it is possible that material changes could occur if actual eligible claims and the related compensation amounts differ from this estimate. The Program accepted claims from August 1, 2014 through January 31, 2015. Payments to eligible claimants began in the fourth quarter 2014 and will continue through the first half of 2015. Accident victims (or their families) could choose not to participate in the Program and pursue litigation against us. At January 30, 2015 the Program has received 3,810 claims and the independent program administrator has determined 128 claims to be eligible for payment under the Program. Remaining claims are either under review, deficient awaiting further documentation or deemed ineligible. Based on currently available information we believe our accrual at December 31, 2014 is adequate to cover the estimated costs under the Program. At January 30, 2015 we have paid $93 million to eligible claimants under the Program. Accident victims that accept a payment under the Program agree to settle all claims against GM related to the accident.

We analyze the results of our automotive business through our four geographically-based segments:

GMNA

Automotive industry volume has continued to grow in North America. In 2014 U.S. industry light vehicle sales for the calendar year were 16.5 million units, up from 15.6 million units in 2013. In January 2015 we announced that we expect 2015 industry light vehicle sales to be between 16.5 and 17.0 million units.

In the year ended December 31, 2014 our U.S. retail vehicle sales increased at a rate approximately 0.7 percentage points less than industry sales. As a result, our U.S. market share decreased by 0.1 percentage points. U.S. market share for both Chevrolet and Cadillac decreased, while GMC and Buick increased.

GMNA continued to generate increases in average transaction prices (ATP) in U.S. According to J.D. Power PIN estimates, in the year ended December 31, 2014 we achieved record ATP in the U.S. on the strength of new products such as large pick-ups and

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SUVs. Contributing to the record ATP, our U.S. incentive spending as a percentage of ATP increased by 0.1 percentage points, while industry spending increased by 0.4 percentage points compared to the prior year.
The first deliveries of the new 2015 Chevrolet Colorado and GMC Canyon mid-size pick-ups occurred in September 2014. We have announced plans to add a third shift at our Wentzville, Mo. assembly plant in early 2015 to meet expected demand for both mid-size pick-ups and full-size vans.
Customer safety and satisfaction were the major reasons for the recall of approximately 36 million vehicles announced during 2014. These recalls included: (1) approximately 2.6 million vehicles to repair ignition switches that could result in a loss of electrical power under certain circumstances that may prevent front airbags from deploying in the event of a crash (accident victims who died or suffered physical injury associated with these vehicles (or their families) may be eligible to participate in a compensation program, as more fully described in Note 17 to our consolidated financial statements) and to fix ignition lock cylinders that could allow removal of the ignition key while the engine is running, leading to possible rollaway or crash; (2) approximately 1.9 million vehicles to replace either the power steering motor, the steering column, the power steering motor control unit or a combination of the steering column and the power steering motor control unit as the electric power steering could fail under certain circumstances; (3) approximately 1.3 million vehicles prone to non-deployment of the side impact restraints if vehicles are not serviced when the Service Air Bag warning light is illuminated; (4) approximately 2.7 million vehicles to modify the brake lamp wiring harness that could have corrosion develop due to micro-vibration; (5) approximately 1.5 million vehicles to replace front safety lap belt cables that could fatigue and separate over time; (6) approximately 1.4 million vehicles to replace the shift cable that could wear out over time resulting in mismatches of the gear position indicated by the shift lever; (7) approximately 12.1 million vehicles to rework or replace ignition keys because the ignition switch may move out of the “run” position which may impact power steering and power braking and, depending on timing of the key movement relative to the activation of the sensing algorithm of a crash event, may result in airbags not deploying; (8) approximately 1.1 million vehicles to repair a loose battery cable that could impact vehicle warning systems; (9) approximately 0.7 million vehicles to repair ignition mechanisms where the ignition key could be pulled out while the vehicle is in the run position; (10) approximately 0.6 million vehicles to replace the wave plate in all vehicles with 6T70 and 6T75 transmissions which could crack under certain circumstances; and (11) approximately 10.1 million vehicles for other matters. In the three and six months ended June 30, 2014 we recorded charges of approximately $1.1 billion and $2.4 billion primarily for the estimated costs of parts and labor to repair these vehicles and for courtesy transportation. The cost of the vehicles recalled in the six months ended December 31, 2014 were comprehended in the June 30, 2014 catch-up adjustment of $0.9 billion associated with a change in estimate for previously sold vehicles. Refer to Note 1 and Note 13 to our consolidated financial statements for more detail related to the catch-up adjustment. Total Net sales and revenue for GMNA have increased for the year ended December 31, 2014 as compared to prior year by 6.4%. It is difficult to determine the impact, if any, on current or future Net sales and revenue due to our recent recall activity. Of the approximately 36 million vehicles subject to recall, approximately 63% of the vehicles and 65% of the costs involve vehicles we no longer produce or sell. We began repairing vehicles in early April 2014 and we have produced sufficient parts to have the ability to repair all vehicles impacted by the Ignition Switch Recall. Refer to the "GM North America" section of MD&A for additional information on all of the recalls we announced in 2014.

In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) a slight increase in U.S. industry vehicle sales; and (2) full year production of full-size SUVs; partially offset by (3) increased engineering and marketing costs.

The UAW contract we entered into in September 2011 expires in September 2015.

GME

The automotive industry conditions in Europe remain challenging due to economic uncertainty resulting from weak gross domestic growth, high unemployment and vehicle production overcapacity. Despite such conditions, automotive industry sales to retail and fleet customers began to improve in the three months ended December 31, 2013 compared to the corresponding period in 2012. This trend continued in 2014 with industry sales to retail and fleet customers of 19 million vehicles representing a 1.8% increase compared to the corresponding period in 2013.

Our European operations are benefiting from this trend and continue to show signs of improvement underscored by further improvement in our Opel and Vauxhall market share in the year ended December 31, 2014, which builds on our first market share increase in 14 years in 2013. This market share increase was partially driven by the success of the recently launched Opel Mokka.

We continue to implement various strategic actions to strengthen our operations and increase our competitiveness. The key actions include investments in our product portfolio including the next generation Opel Astra and Corsa, a revised brand strategy and reducing material, development and production costs, including restructuring activities. The success of these actions will depend on a combination of our ability to execute and external factors which are outside of our control.

We continue to assess additional strategic actions across the region as a result of significant volume pricing and foreign exchange pressures in certain markets, which may result in additional restructuring or rationalization actions. These actions, if implemented, may result in impairment and other charges. The determination of the amount of these charges is subject to significant uncertainty and highly dependent on finalization of our strategic assessments.

Our restructuring activities include our effort to rationalize our manufacturing footprint in GME whereby we reached agreement with the labor union in Germany to terminate all vehicle and transmission production at our Bochum, Germany facility at the end of 2014. Affected employees are eligible for a voluntary restructuring separation program. Restructuring charges were recorded primarily through the end of 2014. Refer to Note 19 to our consolidated financial statements for additional information.

In the year ended December 31, 2014 we performed a strategic assessment of our Russian operations as a result of a significant deterioration in sales volumes due to challenging market conditions and deterioration in the Russian Ruble. Our review indicated that the existing long-lived assets and certain investments in our Russian operations were not recoverable. As a result we recorded impairment charges of $0.2 billion in Automotive cost of sales which was treated as an adjustment for EBIT-adjusted reporting purposes. Industry and economic conditions in Russia remain volatile and we continue to evaluate and execute various strategic actions to improve our operations in a difficult environment.

We expect the European automotive industry to continue to moderately improve and we expect to be profitable in GME in 2016.

In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) lower restructuring costs; partially offset by (2) higher engineering, marketing and depreciation and amortization cost.

GMIO

We are addressing many of the challenges in our GMIO operations and continue to strategically assess the manner in which we operate in certain countries within GMIO. In 2013 we announced the withdrawal of the Chevrolet brand from Western and Central Europe and the ceasing of manufacturing and significant reduction of engineering operations in Australia by 2017 and incurred impairment and other charges in 2013 and 2014. We continue to execute these plans and within the financial impact that we projected. As we continue to assess our performance throughout the region, additional restructuring and rationalization actions may be required and may be material.

In the three months ended December 31, 2014 due to a significant decrease in domestic sales driven by political unrest and a lack of consumer confidence domestically as well as ongoing weakness and trade challenges in several export markets we performed a recoverability test of our real and personal property assets in our Thailand operations. As a result we recorded impairment charges of $0.2 billion in Automotive cost of sales which was treated as an adjustment for EBIT-adjusted reporting purposes.

To address the significant industry, market share, pricing and foreign exchange pressures in the region, we continue to focus on product portfolio enhancements, manufacturing footprint rationalization, increased local sourcing of parts, cost structure reductions, as well as brand and dealer network improvements which we expect to favorably impact the region over the medium term. However, with the significant reduction in wholesale volumes and forward pricing pressures, we tested certain long-lived assets for impairment and additional testing may occur in the near term. Determining whether long-lived assets need to be tested for impairment, whether recorded amounts are recoverable and the estimate of impairment and other charges, if any, is subject to significant uncertainty and highly dependent on finalization of our strategic assessments.

In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) improved profitability at our China JVs; (2) a flat to slight increase in industry vehicle sales; (3) improved product mix in the Middle East; and (4) improved cost performance; partially offset by (5) higher restructuring costs.

In China we are expecting an increase in industry vehicle sales with a modest increase in market share coupled with new vehicle launches and a full year of the 2014 launches.

GMSA

In the three months ended March 31, 2014 we recorded devaluation charges of $0.4 billion related to a change in the exchange rate we use for remeasuring our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities from the Venezuela official exchange rate to the rate determined by an auction process conducted by Venezuela's Complementary System of Foreign Currency Administration (SICAD I). In addition to currency controls already in place the Venezuelan government announced pricing controls that, taken with other initiatives, require us to closely monitor and consider our ability to maintain a controlling financial interest in our Venezuelan subsidiaries. Refer to the "GM South America" section of MD&A for additional information.

In the year ended December 31, 2014 we recorded a net gain on extinguishment of debt of $0.2 billion primarily related to prepayment of unsecured debt in Brazil.

Based on the results of our annual goodwill impairment tests we recorded goodwill impairment charges of $0.1 billion in the year ended December 31, 2014 which was treated as an adjustment for EBIT-adjusted reporting purposes.

In the year ending December 31, 2015 we expect an increase in EBIT-adjusted and EBIT-adjusted margins due primarily to: (1) a slight improvement in market share primarily in Brazil; (2) improved product and country mix; and (3) improved pricing; partially offset by (4) higher marketing, labor, material and logistics costs. Continued foreign currency volatility will also affect our results in 2015.

Corporate

On December 31, 2014 we redeemed all of our shares of Series A Preferred Stock outstanding at a redemption price equal to the aggregate liquidation amount, including accumulated dividends, of $3.9 billion. The difference of $0.8 billion between the carrying amount and the consideration paid was recorded as a reduction to Net income attributable to common stockholders.

At December 31, 2014 our European businesses had deferred tax asset valuation allowances of $4.9 billion. As a result of the changes in our European operating structure and improving financial performance in certain jurisdictions, we are experiencing positive evidence trends in certain operations. If these operations generate profits and taxable income in the future, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of significant portions of the valuation allowances. In the quarter in which significant valuation allowances are reversed, we will record a material tax benefit reflecting the reversal, which could result in lower than expected or negative effective tax rate for both the quarter and full year.

Automotive Financing - GM Financial Summary and Outlook

GM Financial is currently seeking to expand its prime lending programs in North America and anticipates that prime lending will become an increasing percentage of the consumer portfolio balance over time. 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 economic cycles. GM Financial completed the acquisitions of Ally Financial's automotive finance and financial services businesses in Europe and Latin America during 2013. On January 2, 2015 GM Financial completed its acquisition of Ally Financial's 40% equity interest in SAIC-GMAC in China. The aggregate purchase price was approximately $1.0 billion, subject to certain post-closing adjustments. Also on January 2, 2015 GM Financial sold a 5% equity interest in SAIC-GMAC to Shanghai Automotive Group Finance Company Ltd. (SAICFC), a current shareholder of SAIC-GMAC, for proceeds of approximately $120 million, subject to certain post-closing adjustments. As a result of these transactions GM indirectly owns 45% of SAIC-GMAC.

In January 2015 we announced GM Financial will become the exclusive U.S. lease provider for Buick-GMC dealers in February 2015 and is targeting March 2015 for Cadillac dealers. U.S. lease exclusivity with Chevrolet dealers is under consideration.

In the year ending December 31, 2015 we expect income before income taxes-adjusted to remain consistent with 2014 because our near-term financial results will be impacted by additional provisions on loan losses and interest expense resulting from the growth of the business.

Consolidated Results

We review changes in our results of operations under four categories: volume, mix, price 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

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vehicle volumes. Price measures the impact of changes related to Manufacturer's Suggested Retail Price and various sales allowances. Other includes primarily: (1) material and freight; (2) costs including manufacturing, engineering, advertising, administrative and selling and policy and warranty expense; (3) foreign exchange; and (4) non-vehicle related automotive revenues and costs as well as equity income or loss from our nonconsolidated affiliates.

Total Net Sales and Revenue

	Years Ended December 31,				Variance Due To			
	2014	2013	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
GMNA	$101,199	$95,099	$ 6,100	6.4 %	$1.3	$1.2	$3.4	$0.3
GME	22,235	21,962	273	1.2 %	$0.2	$0.7	$—	$(0.5)
GMIO	14,392	18,411	(4,019)	(21.8)%	$(4.6)	$0.4	$0.7	$(0.4)
GMSA	13,115	16,478	(3,363)	(20.4)%	$(2.4)	$0.1	$1.1	$(2.1)
Corporate and eliminations	151	142	9	6.3 %				$—
Automotive	151,092	152,092	(1,000)	(0.7)%	$(5.6)	$2.3	$5.1	$(2.8)
GM Financial	4,837	3,335	1,502	45.0 %				$1.5
Total net sales and revenue	$155,929	$155,427	$ 502	0.3 %	$(5.6)	$2.3	$5.1	$(1.3)

	Years Ended December 31,				Variance Due To			
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
GMNA	$95,099	$89,910	$ 5,189	5.8 %	$1.7	$1.3	$1.9	$0.3
GME	21,962	23,055	(1,093)	(4.7)%	$(1.1)	$—	$(0.2)	$0.2
GMIO	18,411	20,588	(2,177)	(10.6)%	$(0.8)	$(0.2)	$(0.5)	$(0.7)
GMSA	16,478	16,700	(222)	(1.3)%	$—	$0.6	$0.9	$(1.7)
Corporate and eliminations	142	42	100	n.m.				$0.1
Automotive	152,092	150,295	1,797	1.2 %	$(0.2)	$1.7	$2.2	$(1.9)
GM Financial	3,335	1,961	1,374	70.1 %				$1.4
Total net sales and revenue	$155,427	$152,256	$ 3,171	2.1 %	$(0.2)	$1.7	$2.2	$(0.5)

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n.m. = not meaningful

Refer to the regional sections of the MD&A for additional information.

Automotive Cost of Sales

	Years Ended December 31,				Variance Due To		
	2014	2013	Favorable/ (Unfavorable)	%	Volume	Mix	Other
	(Dollars in millions)				(Dollars in billions)		
GMNA	$89,371	$81,404	$ (7,967)	(9.8)%	$(0.8)	$(0.9)	$(6.2)
GME	21,712	20,824	(888)	(4.3)%	$(0.1)	$(0.5)	$(0.3)
GMIO	14,009	17,599	3,590	20.4 %	$3.7	$(0.5)	$0.4
GMSA	12,736	15,221	2,485	16.3 %	$1.9	$(0.2)	$0.8
Corporate and eliminations	254	(123)	(377)	n.m.			$(0.4)
Total automotive cost of sales	$138,082	$134,925	$ (3,157)	(2.3)%	$4.7	$(2.0)	$(5.8)

n.m. = not meaningful

	Years Ended December 31,				Variance Due To		
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Other
	(Dollars in millions)				(Dollars in billions)		
GMNA	$81,404	$79,907	$ (1,497)	(1.9)%	$(1.2)	$(1.3)	$1.0
GME	20,824	26,497	5,673	21.4 %	$1.0	$(0.4)	$5.1
GMIO	17,599	18,589	990	5.3 %	$0.6	$(0.2)	$0.7
GMSA	15,221	15,299	78	0.5 %	$(0.1)	$(0.4)	$0.5
Corporate and eliminations	(123)	(56)	67	119.6 %			$0.1
Total automotive cost of sales	$134,925	$140,236	$ 5,311	3.8 %	$0.3	$(2.3)	$7.3

The most significant element of our Automotive 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, and policy, product warranty and recall campaigns.

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

In the year ended December 31, 2014 unfavorable Other was due primarily to: (1) increased recall campaign and courtesy transportation charges, including catch-up adjustments, of $3.5 billion; (2) increased material and freight cost including new launches of $2.7 billion; (3) unfavorable effect of $0.7 billion resulting from the reversal of the Korea wage litigation accrual in 2013 in GMIO; (4) restructuring charges of $0.5 billion related to the Bochum plant closing in GME; (5) increased depreciation on equipment on operating lease related to daily rental vehicles of $0.3 billion; and (6) charges related to flood damage of $0.1 billion; partially offset by (7) favorable net foreign currency effect of $1.0 billion due primarily to the weakening of the Brazilian Real, Russian Ruble, Euro and Canadian Dollar (CAD) against the U.S. Dollar; partially offset by the Venezuela Bolivar Fuerte (BsF) devaluation; and (8) favorable intangible asset amortization of $0.6 billion.

In the year ended December 31, 2013 favorable Other was due primarily to: (1) decreased impairment charges of $2.8 billion for long-lived assets and intangible assets; (2) decreased pension settlement losses of $2.5 billion in GMNA; (3) the favorable effect of $1.3 billion resulting from the reversal of the Korea wage litigation accrual in 2013 compared to accruals related to the litigation in 2012; (4) favorable net foreign currency effect of $0.9 billion due primarily to the weakening of the Brazilian Real against the U.S. Dollar; and (5) a reduction in unfavorable warranty and policy adjustments of $0.7 billion; partially offset by (6) increased material and freight costs of $0.4 billion; (7) increased costs of $0.2 billion related to parts and accessories sales; and (8) net increased manufacturing expenses of $0.1 billion due primarily to new launch costs offset by reduced depreciation and amortization.

Automotive Selling, General and Administrative Expense

	Years Ended December 31,			Year Ended 2014 vs. 2013 Change		Year Ended 2013 vs. 2012 Change	
	2014	2013	2012	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
Automotive selling, general and administrative expense	$12,158	$12,382	$14,031	$224	1.8 %	$1,649	11.8 %

In the year ended December 31, 2014 Automotive selling, general and administrative expense decreased due primarily to: (1) decreased expenses of $0.7 billion related to the withdrawal of the Chevrolet brand from Europe, including dealer restructuring costs and intangible asset impairment charges in 2013, coupled with cost reductions in 2014; and (2) favorable advertising expense of $0.2 billion in GMNA due primarily to reduced media spend; partially offset by (3) expense related to the Ignition Switch Compensation Program of $0.4 billion; and (4) legal and other costs related to the Ignition Switch Recall of $0.4 billion.

In the year ended December 31, 2013 Automotive selling, general and administrative expense decreased due primarily to: (1) impairment charges in GME for intangibles and long-lived assets of $1.8 billion recorded in 2012; and (2) a premium paid of $0.4 billion on the common stock purchase from the UST in 2012; partially offset by (3) costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe of $0.5 billion.

Income Tax Expense (Benefit)

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	Years Ended December 31,			Year Ended 2014 vs. 2013 Change		Year Ended 2013 vs. 2012 Change	
	2014	2013	2012	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
Income tax expense (benefit)	$228	$2,127	$(34,831)	$1,899	89.3 %	$36,958	n.m.

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n.m. = not meaningful

In the year ended December 31, 2014 income tax expense decreased due primarily to a decrease in pre-tax income related to U.S. recall-related costs, a reduction in pre-tax losses in jurisdictions with full valuation allowances and other tax expense favorable items.

In the year ended December 31, 2013 income tax expense increased due primarily to the deferred tax asset valuation allowance reversal of $36.3 billion in the U.S. and Canada that occurred in 2012.

Refer to Note 18 to our consolidated financial statements for additional information related to our income tax expense (benefit).

GM North America

	Years Ended December 31,		Year Ended 2014 vs. 2013 Change		Variance Due To			
	2014	2013	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	$101,199	$95,099	$6,100	6.4 %	$1.3	$1.2	$3.4	$0.3
EBIT-adjusted	$6,603	$7,461	$(858)	(11.5)%	$0.4	$0.3	$3.4	$(5.0)
	(Vehicles in thousands)							
Wholesale vehicle sales	3,320	3,276	44	1.3 %				

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To			
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	$95,099	$89,910	$5,189	5.8 %	$1.7	$1.3	$1.9	$0.3
EBIT-adjusted	$7,461	$6,470	$991	15.3 %	$0.5	$—	$1.9	$(1.4)
	(Vehicles in thousands)							
Wholesale vehicle sales	3,276	3,207	69	2.2 %				

GMNA Total Net Sales and Revenue

In the year ended December 31, 2014 Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing related to full-size pick-ups and full-size SUVs; (2) increased wholesale volumes due to full-size pick-ups, full-size SUVs and the Chevrolet Colorado, Corvette and Malibu, partially offset by decreases of the Chevrolet

Impala, Captiva and Cruze; (3) favorable mix due to full-size pick-ups, full-size SUVs and the Chevrolet Corvette and Impala; and (4) favorable Other of $0.3 billion due primarily to increased operating lease revenue related to daily rental vehicles sold with guaranteed repurchase obligations and increased parts and accessories sales, partially offset by unfavorable foreign currency effect related primarily to the weakening of the Canadian Dollar and Mexican Peso against the U.S. Dollar.

In the year ended December 31, 2013 Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing related to recent vehicle launches such as the Chevrolet Silverado and GMC Sierra; (2) increased wholesale volumes due to increased industry demand and successful recent vehicle launches such as the Buick Encore, Cadillac ATS, Chevrolet Silverado and Spark and GMC Sierra; and (3) favorable vehicle mix related to improving market segments containing higher revenue vehicles including crossovers and trucks.

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GMNA EBIT-Adjusted

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate) and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense, and policy and warranty expense. Vehicles with higher selling prices generally have higher variable profit. Trucks, crossover vehicles and cars sold in the U.S. currently have a variable profit of approximately 160%, 90% and 40% respectively of our portfolio on a weighted-average basis.

In the year ended December 31, 2014 EBIT-adjusted decreased due primarily to: (1) unfavorable Other of $5.0 billion due primarily to an increase in recall campaign actions and recall related charges of $2.3 billion, increased material and freight costs including new launches of $2.8 billion, and increased engineering expense of $0.5 billion, partially offset by increased daily rental vehicles sold with guaranteed repurchase obligations and reduced advertising expenses; partially offset by (2) favorable vehicle pricing related to full-size pick-ups and full-size SUVs; (3) increased wholesale volumes due to full-size pick-ups, full-size SUVs and the Chevrolet Colorado, Corvette and Malibu, partially offset by decreases of the Chevrolet Impala, Captiva and Cruze; and (4) favorable mix due to full-size pick-ups, full-size SUVs and the Chevrolet Corvette and Impala.

In the year ended December 31, 2013 EBIT-adjusted increased due primarily to: (1) favorable vehicle pricing related to recent vehicle launches such as the Chevrolet Silverado and GMC Sierra; and (2) increased wholesale volumes due to increased industry demand and successful recent vehicle launches such as the Buick Encore, Cadillac ATS and Chevrolet Silverado; partially offset by (3) unfavorable Other of $1.4 billion due primarily to increased material and freight costs including new launches of $1.1 billion, increased manufacturing expense including new launches of $0.3 billion, increased engineering expense of $0.3 billion and increased depreciation and amortization expense of $0.2 billion, partially offset by a reduction in unfavorable warranty and policy adjustments of $0.6 billion.

Recall Campaigns

In the year ended December 31, 2014 we experienced a significant increase in the number of vehicles subject to recall in North America resulting in incremental charges for the estimated costs of parts and labor to repair these vehicles and courtesy transportation for certain recalls. There were approximately 36 million vehicles subject to recalls announced during this period. This included approximately 10 million vehicles subject to multiple recalls and reflects the results of our ongoing comprehensive safety review, additional engineering analysis and our overall commitment to customer satisfaction.

In the three months ended March 31, 2014 we announced a recall to repair ignition switches in vehicles that we are no longer producing that under certain circumstances could result in a loss of electrical power that may prevent front airbags from deploying in the event of a crash. It was originally estimated that approximately 800,000 vehicles were equipped with ignition switches needing repair. These vehicles include model years 2005–2007 Chevrolet Cobalt, 2007 Pontiac G5 and 2005–2006 Pursuit. In the three months ended December 31, 2013 we recorded approximately $40 million in Automotive cost of sales to cover the repairs as these costs were considered probable and estimable at that time. In the three months ended March 31, 2014 we expanded this recall by approximately 1.8 million additional vehicles for the same issue. These vehicles, consisting of model years 2008–2010 Chevrolet Cobalt, model years 2006–2011 HHR, model years 2008–2010 Pontiac G5, model years 2006–2010 Solstice, model years 2003–2007 Saturn ION and model years 2007–2010 Sky, were not included in the initial recall. In the three months ended March 31, 2014 we recorded approximately $90 million in Automotive cost of sales to repair these vehicles and approximately $270 million in Automotive cost of sales to provide courtesy transportation to owners of affected vehicles. These recalls, relating to ignition switches, are collectively referred to as the “Ignition Switch Recall.” Refer to Note 17 to our consolidated financial statements for litigation associated with the Ignition Switch Recall. A second repair was added to these vehicles as a result of the comprehensive review described below to fix ignition lock cylinders that could allow removal of the ignition key while the engine is running, leading to possible rollaway or crash. In the three months ended March 31, 2014 we recorded approximately $320 million in Automotive cost of sales to repair ignition lock cylinders.

In response to these developments we conducted an in-depth review of the Ignition Switch Recall and our overall recall processes. We hired a former U.S. Attorney to conduct an internal investigation of the Ignition Switch Recall and to provide recommendations to improve our recall processes. Pursuant to the investigation a report was provided to us in the three months ended June 30, 2014. The investigation report made a series of recommendations in eight major areas. We intend to act or have acted on each of the recommendations. After reviewing the investigation report, we made a number of personnel decisions. Fifteen individuals identified in the investigation report are no longer with the Company. Five additional individuals were disciplined. Prior to the receipt of the investigation report we began the process of adding over 100 new safety investigators and related specialists in North America alone allowing us to bolster capacity and capability in identifying potential emerging issues and conducting product investigations, launched a Speak Up for Safety program encouraging employees to report potential safety issues quickly and restructured the safety decision-making process to raise safety issues to the highest levels of the Company. These measures are in addition to our creation and appointment of a new Global Vice President of Vehicle Safety responsible for the safety development of our vehicle systems, confirmation and validation of safety performance, as well as post-sale safety activities, including recalls and the creation of a new Global Product Integrity organization within Global Product Development with the goal of executing the highest levels of safety performance across all of our vehicles.

Enhancements have also been incorporated through an ongoing process of continuous improvement into the Safety and Field Investigation process to facilitate consistency in post-decision customer actions. Improved investigative and consumer facing processes and standards are also being implemented globally to facilitate rapid and efficient sharing of information across regional teams and markets to aid decision making. Another estimated 100 technical resources have been added globally in support of the revised alignment and process.

We are also actively engaging customers and servicing vehicles affected by the Ignition Switch Recall. We notified affected customers to schedule an appointment with their dealers as replacement parts are available. We began repairing vehicles in early April using parts that have undergone end-of-line quality inspection for performance of six critical operating parameters. We have produced sufficient parts to have the ability to repair all vehicles impacted by the ignition switch and ignition cylinder recalls. Through January 30, 2015 we have repaired approximately 59% of the 2.6 million vehicles subject to recall.

As a result of the Ignition Switch Recall senior leadership initiated a comprehensive review and engineering analysis to identify any additional issues which could potentially result in safety or satisfaction concerns for our customers. As part of our normal process and as a result of these reviews we announced the following additional recall campaigns in 2014:

- In the three months ended March 31, 2014 approximately 1.9 million vehicles were recalled to replace either the power steering motor, the steering column, the power steering motor control unit or a combination of the steering column and the power steering motor control unit as the electric power steering could fail under certain circumstances — model years 2004–2006, 2008–2009 Chevrolet Malibu, model years 2004–2006 Malibu Maxx, model years 2006–2010 HHR, model years 2005–2010 Cobalt, model years 2008–2009 Saturn Aura, model years 2003–2007 ION, model years 2007–2010 Pontiac G5, model years 2005–2006, 2008–2009 G6 and model years 2005–2006 Pursuit and G4. We recorded approximately $340 million in Automotive cost of sales to repair these vehicles.

- In the three months ended March 31, 2014 approximately 1.3 million vehicles were recalled that are prone to non-deployment of the side impact restraints if vehicles are not serviced when the Service Air Bag warning light is illuminated — model years 2008–2013 Buick Enclave and GMC Acadia, model years 2009–2013 Chevrolet Traverse and model years 2008–2010 Saturn Outlook. We recorded approximately $185 million in Automotive cost of sales to repair these vehicles.

- In the three months ended June 30, 2014 approximately 2.7 million vehicles were recalled to modify the brake lamp wiring harness that could have corrosion develop due to micro-vibration — model years 2004–2012 Chevrolet Malibu, model years 2004–2007 Malibu Maxx, model years 2005–2010 Pontiac G6 and model years 2007–2010 Saturn Aura. We recorded approximately $90 million in Automotive cost of sales to repair these vehicles.

- In the three months ended June 30, 2014 approximately 1.5 million vehicles were recalled to replace front safety lap belt cables that could fatigue and separate over time — model years 2009–2014 Buick Enclave, Chevrolet Traverse, GMC Acadia and model years 2009–2010 Saturn Outlook. We recorded approximately $80 million in Automotive cost of sales to repair these vehicles.
- In the three months ended June 30, 2014 approximately 1.4 million vehicles were recalled to replace the shift cable that could wear out over time resulting in mismatches of the gear position indicated by the shift lever — model years 2004–2008 Chevrolet Malibu, model years 2004–2007 Malibu Maxx, model years 2007-2008 Saturn Aura, model years 2013–2014 Cadillac ATS, model year 2014 CTS and model years 2005–2008 Pontiac G6. We recorded approximately $150 million in Automotive cost of sales to repair these vehicles.
- In the three months ended June 30, 2014 approximately 12.1 million vehicles were recalled to rework or replace ignition keys because the ignition switch may move out of the “run” position which may impact power steering and power braking.

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The timing of the key movement relative to the activation of the sensing algorithm of a crash event may result in airbags not deploying — model years 2005–2009 Buick Allure and Lacrosse, model year 2004 Regal LS/GS, model years 2006–2011 Lucerne, model years 1997–2005 Chevrolet Malibu, model years 2000-2007 Monte Carlo, model years 2010–2014 Camaro, model years 2000–2014 Impala, model years 1998–2002 Oldsmobile Intrigue, model years 1999–2004 Alero, model years 1999–2005 Pontiac Grand Am, model years 2004–2008 Grand Prix, model years 2004–2006 Cadillac SRX, model years 2003–2014 CTS, model years 2000–2005 Deville and model years 2006–2011 DTS. We recorded approximately $325 million in Automotive cost of sales to repair these vehicles.

- In the three months ended March 31, 2014 and June 30, 2014 five and 17 recalls were announced covering approximately 1.2 million and 4.0 million vehicles related to safety, customer satisfaction and other matters. We recorded approximately $70 million and $450 million in Automotive cost of sales to repair these vehicles in the three months ended March 31, 2014 and June 30, 2014. None of these announced recalls were individually significant.

In total we recorded approximately $1.3 billion and $1.1 billion for the above-described actions in the three months ended March 31, 2014 and June 30, 2014.

In the six months ended December 31, 2014 we announced the following recalls related to safety, customer satisfaction and other matters, the costs of which are comprehended in the June 30, 2014 catch-up adjustment of $874 million associated with a change in estimate for previously sold vehicles:

- Approximately 1.1 million vehicles were recalled to repair a loose battery cable that could impact vehicle warning systems and loss of power steering assist - model years 2011-2014 Chevrolet Cruze.

- Approximately 0.7 million vehicles were recalled to repair ignition mechanisms where the ignition key could be pulled out while the vehicle is in the run position - model years 2004-2007 Saturn Vue, model years 2005-2006 Chevrolet Equinox, model year 2006 Pontiac Torrent.

- Approximately 0.6 million vehicles were recalled to replace the wave plate in all vehicles with 6T70 and 6T75 transmissions which could crack under certain circumstances - model years 2007-2009 GMC Acadia, Pontiac G6, Saturn Aura and Outlook, model years 2008-2009 Buick Enclave, Chevrolet Equinox and Malibu, Pontiac Torrent, Saturn Vue, model year 2009 Chevrolet Traverse.

- Approximately 5.7 million vehicles were announced under 20 additional recalls, none of which were individually significant.

The following table summarizes the activity for customer satisfaction campaigns, safety recalls, non-compliance recalls and special coverage in GMNA, including courtesy transportation (dollars in millions):

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	2014	2013
Balance at January 1	$761	$851
Additions	1,333	115
Payments	(110)	(115)
Adjustments to prior periods	(19)	11
Balance at March 31	1,965	862
Additions	1,151	128
Payments	(329)	(132)
Adjustments to prior periods	691	(8)
Balance at June 30	3,478	850
Additions	163	51
Payments	(637)	(130)
Adjustments to prior periods	52	(21)
Balance at September 30	3,056	750
Additions	133	119
Payments	(542)	(117)
Adjustments to prior periods	82	9
Balance at December 31	$2,729	$761

Adjustments to prior periods in the three months ended June 30, 2014 included: (1) a catch-up adjustment associated with a change in estimate for previously sold vehicles of $874 million; partially offset by (2) adjustments of approximately $95 million for courtesy transportation as a result of greater part availability and fewer customers utilizing courtesy transportation than originally estimated; and (3) approximately $80 million for costs originally estimated separately for ignition switches and ignition lock cylinders that are now being shipped and repaired at the same time resulting in reduced costs. Based on the per vehicle part and labor cost, number of vehicles impacted and the expected number of vehicles to be repaired we believe the amounts recorded are adequate to cover the costs of these recall campaigns.

Adjustments to prior periods in the three months ended September 30, 2014 included an additional catch-up adjustment to our change in estimate for previously sold vehicles, which was partially offset by a change in estimate on a previously announced specific recall action due to reduced costs for both parts and labor. On a net basis, recall campaign and courtesy transportation adjustments for our previously sold vehicles increased approximately $52 million in the three months ended September 30, 2014.

Adjustments to prior periods in the three months ended December 31, 2014 included an additional catch-up adjustment to our change in estimate for previously sold vehicles. On a net basis, recall campaign and courtesy transportation adjustments for our previously sold vehicles increased approximately $82 million in the three months ended December 31, 2014.

The Ignition Switch Recall has led to various governmental investigations and inquiries including a subpoena from the U.S. Attorney for the Southern District of New York, and investigations by Congress, the SEC and various state attorneys general. In addition the Ignition Switch Recall and the other recalls described above have resulted in a number of claims and lawsuits. Refer to Note 17 to our consolidated financial statements for additional information.

GM Europe

GME Total Net Sales and Revenue and EBIT (Loss)-Adjusted

	Years Ended December 31,		Year Ended 2014 vs. 2013 Change		Variance Due To			
	2014	2013	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	$22,235	$21,962	$273	1.2 %	$0.2	$0.7	$—	$(0.5)
EBIT (loss)-adjusted	$(1,369)	$(869)	$(500)	(57.5)%	$—	$0.2	$—	$(0.7)
	(Vehicles in thousands)							
Wholesale vehicle sales	1,172	1,163	9	0.8 %				

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To			
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	$21,962	$23,055	$(1,093)	(4.7)%	$(1.1)	$—	$(0.2)	$0.2
EBIT (loss)-adjusted	$(869)	$(1,949)	$1,080	55.4 %	$(0.1)	$(0.3)	$(0.2)	$1.7
	(Vehicles in thousands)							
Wholesale vehicle sales	1,163	1,231	(68)	(5.5)%				

GME Total Net Sales and Revenue

In the year ended December 31, 2014 Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due to increased sales of higher priced vehicles; and (2) increased wholesale volumes associated with higher demand primarily for the Mokka across the region and the Corsa and Insignia in Germany, Spain, United Kingdom, Italy and Poland, partially offset by decreases across the Russian portfolio and lower demand for the Astra primarily in Germany, United Kingdom and Turkey; partially offset by (3) unfavorable Other of $0.5 billion due primarily to net foreign currency effect related to the weakening of the Russian Ruble against the U.S. Dollar, partially offset by the strengthening of the British Pound against the U.S. Dollar.

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes associated with lower demand of the Astra, Corsa and Meriva in France, Italy, Russia and the Netherlands and across the Russian Chevrolet portfolio, partially offset by higher demand for the Mokka and Adam across the region due to a weak European economy; and (2) unfavorable vehicle pricing primarily resulting from increased incentive support associated with difficult market conditions; partially offset by (3) favorable Other of $0.2 billion due primarily to favorable net foreign currency effect.

GME EBIT (Loss)-Adjusted

In the year ended December 31, 2014 EBIT (loss)-adjusted increased due primarily to: (1) unfavorable Other of $0.7 billion due primarily to restructuring related charges of $0.5 billion, net foreign currency effect of $0.3 billion due primarily to weakening of the Russian Ruble against the U.S. Dollar, partially offset by the strengthening of the British Pound against the U.S. Dollar, and unfavorable net effect of changes in the fair value of an embedded foreign currency derivative asset of $0.1 billion associated with a long-term supply agreement, partially offset by decreased material and freight costs of $0.2 billion; partially offset by (2) favorable net vehicle mix due to higher proportion of higher priced vehicles.

In the year ended December 31, 2013 EBIT (loss)-adjusted decreased due primarily to: (1) favorable Other of $1.7 billion due primarily to decreased manufacturing costs of $0.7 billion mainly resulting from decreased depreciation expense because of asset impairments in December 2012 which decreased the depreciable base, decreased engineering expenses of $0.4 billion, decreased material and freight costs of $0.4 billion and a favorable net effect of changes in the fair value of an embedded foreign currency derivative asset of $0.2 billion associated with a long-term supply agreement; partially offset by (2) unfavorable net vehicle mix due to decreased sales of higher priced vehicles; (3) unfavorable vehicle pricing; and (4) decreased wholesale volumes.

GM International Operations

Focus on Chinese Market

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

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

	Years Ended December 31,		
	2014	2013	2012
Total wholesale vehicles(a)	3,613	3,239	2,909
Market share	14.8 %	14.2 %	14.6 %
Total net sales and revenue	$43,853	$38,767	$33,364
Net income	$4,312	$3,685	$3,198

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

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$6,176	$6,606
Debt	$151	$151

GMIO Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Year Ended 2014 vs. 2013 Change					
	2014	2013	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)							
Total net sales and revenue	$14,392	$18,411	$(4,019)	(21.8)%	$(4.6)	$0.4	$0.7	$(0.4)
EBIT-adjusted	$1,222	$1,255	$(33)	(2.6)%	$(0.9)	$(0.1)	$0.4	$0.6
	(Vehicles in thousands)							
Wholesale vehicle sales	655	921	(266)	(28.9)%				

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To			
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	$18,411	$20,588	$(2,177)	(10.6)%	$(0.8)	$(0.2)	$(0.5)	$(0.7)
EBIT-adjusted	$1,255	$2,538	$(1,283)	(50.6)%	$(0.3)	$(0.4)	$(0.3)	$(0.3)
	(Vehicles in thousands)							
Wholesale vehicle sales	921	957	(36)	(3.8)%				

GMIO Total Net Sales and Revenue

The vehicle sales of our China JVs and of GM India prior to September 1, 2012, the date we consolidated GM India, are not recorded in Total net sales and revenue. The results of our nonconsolidated joint ventures are recorded in Equity income.

In the year ended December 31, 2014 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes primarily related to discontinuing sales of the Chevrolet Spark, Aveo, Cruze, Captiva and Orlando in Europe and lower sales of older version SUVs and trucks (including the Tahoe, Yukon, Suburban, Sierra, and Silverado) and other carlines (such as the Acadia and Traverse) ahead of the new full-size truck introduction in the Middle East and lower sales of the Chevrolet Colorado, Sonic, Trailblazer, Cruze and Captiva in Thailand; and (2) unfavorable Other of $0.4 billion due primarily to unfavorable net foreign currency effect of $0.3 billion driven by the weakening of the Australian Dollar, South African Rand, Thai Baht and Indian Rupee against the U.S.

Dollar and decreased sales of components, parts and accessories of $0.1 billion; partially offset by (3) favorable vehicle pricing due primarily to sales of new full-size trucks (including the Tahoe, Suburban, Yukon, Escalade, Sierra and Silverado) in the Middle East and lower sales incentive offered on Chevrolet vehicles in Europe; and (4) favorable mix due primarily to an improved sales portfolio of the Malibu and Trax in Korea and the Tahoe and Yukon in the Middle East.

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes due primarily to lower sales of the Optra, Yukon, Colorado, Captiva, Sail and Aveo in the Middle East and lower sales of the Chevrolet Orlando, Captiva, Cruze, Aveo and Spark in Europe partially offset by an increase from the consolidation of GM India effective September 2012 resulting in an additional 57,000 wholesale vehicle sales (or 6.0%) in 2013; (2) unfavorable vehicle pricing due to increased incentive support associated with strong competition, including an increase of $0.2 billion in Europe as a result of our decision to withdraw the Chevrolet Brand from Europe, an increase of $0.2 billion in the Middle East due to the competition on SUVs and trucks such as the Yukon, Tahoe, Suburban, Sierra and Silverado and increases of $0.1 billion in Holden and Association of South East Asian Nations (ASEAN) for the Colorado, Captiva, Commodore, Trailblazer and Sonic; (3) unfavorable vehicle mix primarily in ASEAN due to a higher proportion of the lower priced Spin and a lower proportion of the higher priced Colorado; and (4) Other of $0.7 billion due primarily to unfavorable net foreign currency effect due to the weakening of the Australian Dollar, South African Rand and Egyptian Pound against the U.S. Dollar of $0.4 billion and decreased sales of components, parts and accessories of $0.3 billion.

GMIO EBIT-Adjusted

In the year ended December 31, 2014 EBIT-adjusted decreased due primarily to: (1) decreased net wholesale volumes primarily related to discontinuing sales of the Chevrolet Spark, Aveo, Cruze, Captiva and Orlando in Europe and lower sales of older version SUVs and trucks and other carlines ahead of the new full-size truck introduction in the Middle East and Colorado, Sonic, Trailblazer, Cruze and Captiva in Thailand; and (2) unfavorable net vehicle mix due primarily to higher cost of the Commodore and Colorado in Australia, partially offset by (3) favorable vehicle pricing due primarily to sales of new full-size trucks in the Middle East; and (4) favorable Other of $0.6 billion due primarily to favorable engineering cost of $0.3 billion, a decrease in selling, general and advertising expense of $0.3 billion due primarily to the withdrawal of Chevrolet brand in Europe in 2013, favorable equity income from China JVs of $0.3 billion, and favorable manufacturing costs and depreciation of $0.2 billion, partially offset by unfavorable recall programs of $0.1 billion, a decrease in sales of components parts and accessories of $0.1 billion, tooling impairment charges of $0.1 billion related to the Sonic in Thailand, the Aveo in Korea and the Spin in Indonesia, and unfavorable net foreign currency effect of $0.1 billion.

In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) unfavorable net vehicle mix primarily in the Middle East due to deteriorated sales portfolio from the Yukon, Captiva, Optra and Australian markets due to deteriorated sales portfolio from high margin vehicles such as the Cruze; (2) unfavorable vehicle pricing excluding $0.2 billion sales incentive related to withdrawal of the Chevrolet brand from Europe; (3) unfavorable net wholesale volumes; and (4) Other of $0.3 billion due primarily to unfavorable manufacturing costs of $0.4 billion, unfavorable net foreign currency effect of $0.2 billion, and a decrease in sales of components, parts and accessories of $0.2 billion, partially offset by favorable material and freight cost of $0.3 billion, and increased equity income, net of tax of $0.2 billion, from our interest in the increased net income of our China JVs.

GM South America

Venezuelan Operations

Our Venezuelan subsidiaries' functional currency is the U.S. Dollar because of the hyperinflationary status of the Venezuelan economy.

Effective February 13, 2013 the Venezuelan government set the official fixed exchange rate of the Bolivar Fuerte at BsF 6.3 to $1.00 from BsF 4.3 to $1.00. The devaluation resulted in a charge of $0.2 billion recorded in Automotive cost of sales in the three months ended March 31, 2013 from the remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. The remeasurement charge was treated as an adjustment for EBIT-adjusted reporting purposes.

Effective March 31, 2014 we changed the exchange rate we use for remeasuring our Venezuelan subsidiaries’ non-U.S. Dollar denominated monetary assets and liabilities from the Venezuela official exchange rate to the rate determined by an auction process conducted by Venezuela’s SICAD I because we believe the SICAD I rate is the most representative rate to be used for remeasurement. At March 31, 2014 the SICAD I exchange rate was BsF 10.7 to $1.00. The devaluation resulted in a charge of $0.4 billion recorded in Automotive cost of sales in the three months ended March 31, 2014. The remeasurement charge in the three months ended

March 31, 2014 was treated as an adjustment for EBIT-adjusted reporting purposes. In August 2014 the Venezuelan government announced the SICAD I rate as the official rate for the automotive industry going forward and clarified BsF 6.3 to $1.00 as the official rate for pre-existing debt settlements. Gains on pre-existing debt settlements at more favorable rates than the SICAD I exchange rate will not be recognized until collection is assured. At December 31, 2014 the SICAD I exchange rate was BsF 12.0 to $1.00 and we recorded an insignificant net devaluation loss in Automotive costs of sales in the nine months ended December 31, 2014. The non-U.S. Dollar denominated assets and liabilities of our Venezuelan subsidiaries may be impacted by periodic auctions in SICAD I rates which may have a material impact on the results of operations in Venezuela in future periods. Based on our December 31, 2014 non-U.S. Dollar denominated net monetary assets a charge of less than $0.1 billion would result for every 10% devaluation of the BsF from the SICAD I exchange rate of BsF 12.0 to $1.00 in the period of devaluation.

The Venezuelan government has foreign exchange control regulations that make it difficult to convert BsF to U.S. Dollar and affect our Venezuelan subsidiaries’ ability to pay non-BsF denominated obligations and to pay dividends. The total amounts pending government approval for settlement in U.S. Dollar at December 31, 2014 and December 31, 2013 were BsF 3.5 billion (equivalent to $0.5 billion) and BsF 3.7 billion (equivalent to $0.6 billion). These amounts include dividend requests in the amount of BsF 0.7 billion (equivalent to $0.1 billion) that have been pending from 2007. At December 31, 2014 we continued to consolidate our Venezuelan subsidiaries because recent developments, including participation in SICAD I auctions for new orders in August 2014, settlements of preexisting debt in October and November 2014 and execution of a labor agreement in November 2014 resulted in increases in production in the three months ended December 31, 2014. Our Venezuelan subsidiaries' net assets were $0.5 billion at December 31, 2014, including non-U.S. Dollar denominated net monetary assets of $0.5 billion. At December 31, 2014 other consolidated entities had receivables from our Venezuelan subsidiaries of $0.4 billion.

In January 2014 the Venezuela government enacted a law limiting sale prices and establishing a maximum margin of 30% above a defined cost structure. Because the Venezuela government is still determining the application of certain aspects of this law it is unclear based on the current regulations how this new law may affect our current vehicle and parts and accessories sale pricing structure. These regulations, when considered with the foreign currency exchange regulations, high inflation, governmental policies negatively impacting our ability to implement labor force reductions and obtain vehicle imports licenses, the recent downward trend in the price of oil and other circumstances in Venezuela, may impact our ability to fully benefit from and maintain our controlling financial interest in our Venezuelan subsidiaries. The financial impact on our operations in Venezuela of these events and associated ongoing restrictions are uncertain. If a determination is made in the future that we no longer maintain a controlling financial interest, we may incur a charge, based on current exchange rates, of up to $0.9 billion.

GMSA Total Net Sales and Revenue and EBIT (Loss)-Adjusted

	Years Ended December 31,		Year Ended 2014 vs. 2013 Change		Variance Due To			
	2014	2013	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	$13,115	$16,478	$(3,363)	(20.4)%	$(2.4)	$0.1	$1.1	$(2.1)
EBIT (loss)-adjusted	$(180)	$327	$(507)	n.m.	$(0.5)	$(0.1)	$1.1	$(1.0)
	(Vehicles in thousands)							
Wholesale vehicle sales	886	1,053	(167)	(15.9)%				

n.m. = not meaningful

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To			
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other
	(Dollars in millions)				(Dollars in billions)			
Total net sales and revenue	$16,478	$16,700	$(222)	(1.3)%	$—	$0.6	$0.9	$(1.7)
EBIT-adjusted	$327	$457	$(130)	(28.4)%	$—	$0.3	$0.9	$(1.3)
	(Vehicles in thousands)							
Wholesale vehicle sales	1,053	1,050	3	0.3%				

GMSA Total Net Sales and Revenue

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In the year ended December 31, 2014 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes in Brazil associated with lower demand of the Chevrolet Celta, Classic and Agile and decreases across the portfolios in Argentina and Venezuela caused by difficult economic conditions; and (2) unfavorable Other of $2.1 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against all currencies across the region; partially offset by (3) favorable vehicle pricing primarily due to high inflation in Argentina and Venezuela.

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) unfavorable Other of $1.7 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of $1.9 billion, partially offset by increased revenue from parts and accessories sales of $0.1 billion; partially offset by (2) favorable vehicle pricing primarily due to high inflation in Venezuela and Argentina; and (3) favorable vehicle mix due to increased sales of the Chevrolet Trailblazer, Captiva and S-10 in Brazil and the Chevrolet Orlando and Tahoe in Venezuela.

GMSA EBIT (Loss)-Adjusted

In the year ended December 31, 2014 GMSA had EBIT (loss)-adjusted compared to EBIT-adjusted in the year ended December 31, 2013 due primarily to: (1) decreased wholesale volumes in Brazil associated with lower demand of the Chevrolet Celta, Classic and Agile and decreases across the portfolios in Argentina and Venezuela caused by difficult economic conditions; and (2) unfavorable Other of $1.0 billion due to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against all currencies across the region; partially offset by (3) favorable vehicle pricing primarily due to high inflation in Argentina and Venezuela.

In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) unfavorable Other of $1.3 billion due primarily to unfavorable net foreign currency effect as a result of the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of $1.1 billion, increased selling, general and administrative expense due primarily to a decrease in contingency reserves of $0.1 billion in the corresponding period of 2012 due to the resolution of certain items at amounts lower than previously expected, and a gain of $50 million on the purchase of GMAC de Venezuela CA in the corresponding period of 2012; partially offset by (2) favorable vehicle pricing effect primarily driven by high inflation in Venezuela and Argentina; and (3) favorable net vehicle mix due to increased sales of the Chevrolet Trailblazer, Captiva and S-10 in Brazil and the Chevrolet Orlando and Tahoe in Venezuela.

GM Financial

	Years Ended December 31,			Year Ended 2014 vs. 2013 Change		Year Ended 2013 vs. 2012 Change	
	2014	2013	2012	Amount	%	Amount	%
	(Dollars in millions)						
Total revenue	$4,854	$3,344	$1,961	$1,510	45.2 %	$1,383	70.5 %
Provision for loan losses	$604	$475	$304	$129	27.2 %	$171	56.3 %
Income before income taxes-adjusted	$803	$898	$744	$(95)	(10.6)%	$154	20.7 %
	(Dollars in billions)						
Average debt outstanding	$32.2	$21.0	$9.5	$11.2	53.3 %	$11.5	121.1 %
Effective rate of interest paid	4.4 %	3.4 %	3.0 %	1.0 %		0.4 %	

GM Financial Revenue

In the year ended December 31, 2014 Total revenue increased due primarily to: (1) increased finance charge income of $0.9 billion due to the acquisition of Ally Financial international operations; and (2) increased leased vehicle income of $0.5 billion due to a larger lease portfolio.

In the year ended December 31, 2013 Total revenue increased due primarily to: (1) increased finance charge income of $1.0 billion due to the acquisition of Ally Financial international operations and increased loan originations; and (2) increased leased vehicle income of $0.3 billion due to a larger lease portfolio.

GM Financial Income Before Income Taxes-Adjusted

In the year ended December 31, 2014 Income before income taxes-adjusted decreased due primarily to: (1) increased interest expenses of $0.7 billion due to higher average debt outstanding and effective rate of interest paid; (2) increased operating expenses of $0.4 billion due to the acquisition of Ally Financial international operations; (3) increased leased vehicle expenses of $0.4 billion due to a larger lease portfolio; and (4) increased provision for loan losses of $0.1 billion; partially offset by (5) increased revenue of $1.5 billion.

In the year ended December 31, 2013 Income before income taxes-adjusted increased due primarily to: (1) increased revenue of $1.4 billion; partially offset by (2) increased provision for loan losses; (3) increased interest expenses of $0.4 billion; (4) increased operating expenses of $0.4 billion; and (5) increased leased vehicle expenses of $0.2 billion. These changes are due primarily to the acquisition of the Ally Financial international operations.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our revolving credit facilities will be sufficient to meet our liquidity needs. We expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. We also maintain access to the capital markets, which may provide an additional source of liquidity. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are centered around three objectives: (1) reinvest in our business; (2) continue to strengthen our balance sheet; and (3) return cash to stockholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures of approximately $9.0 billion as well as payments for engineering and product development activities; (2) payments associated with recently announced vehicle recalls and the Program of approximately $1.2 billion; (3) payments to service debt and other long-term obligations, including contributions to non-U.S. pension plans and U.S. non-qualified plans of approximately $1.2 billion; (4) payments for previously announced restructuring activities of approximately $1.0 billion; (5) acquiring Ally Financial's equity interests in SAIC-GMAC of approximately $1.0 billion (acquisition completed in January 2015); and (6) dividend payments on our common stock that are declared by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in Item 1A. Risk Factors section of this 2014 Form 10-K, some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans and compliance with certain covenants. Refer to Note 14 to our consolidated financial statements for the discussion of our financial and operational covenants.

Recent Management Initiatives

We continue to monitor and evaluate opportunities to strengthen our balance sheet and competitive position over the long term. These actions may include opportunistic payments to reduce our long-term obligations while maintaining minimal automotive financial leverage as well as the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may include additional loans, investments with our joint venture partners or the acquisitions of certain operations or ownership stakes in outside businesses. These actions may negatively impact our liquidity in the short term including the payments related to our recent recalls and the related litigation.

In October 2014 we amended our two primary revolving credit facilities, increasing our aggregate borrowing capacity from $11.0 billion to $12.5 billion. These facilities consist of a three-year, $5.0 billion facility and a five-year, $7.5

billion facility. Both facilities are available to the Company as well as certain wholly-owned subsidiaries, including GM Financial. The three-year, $5.0 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of $2.0 billion, a letter of credit sub-facility of $1.6 billion and a Brazilian Real sub-facility of $0.3 billion. The five-year, $7.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a GM Financial borrowing sub-limit of $2.0 billion, a letter of credit sub-limit of $0.5 billion and a Brazilian Real sub-facility of $0.2 billion.

In November 2014 we issued $2.5 billion in aggregate principal amount of senior unsecured notes. In December 2014 we used proceeds from the issuance of these notes plus available cash to redeem all of the remaining outstanding shares of our Series A Preferred Stock for a total price of $3.9 billion which was equal to their aggregate liquidation amount, including accumulated dividends. The redemption reduced Net income attributable to common stockholders by $0.8 billion.

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In the year ended December 31, 2014 GM Financial issued $3.5 billion, Euro 500 million and CAD 400 million in aggregate principal amount on senior unsecured notes. In January 2015 GM Financial issued $2.25 billion in aggregate principal amount of senior unsecured notes comprising $1.0 billion of 3.15% notes due in January 2020, $1.0 billion of 4.0% notes due in January 2025 and $250 million of floating rate notes due in January 2020.

Automotive

Available Liquidity

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

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Available liquidity held within North America and at our regional treasury centers represented approximately 87% of our available liquidity at December 31, 2014. A portion of our available liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable securities balances are primarily denominated in U.S. Dollars and include investments in U.S. government and agency obligations, foreign government securities, time deposits and corporate debt 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. Substantially all 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 and to fund working capital needs at certain of our subsidiaries. The total size of our credit facilities was $12.6 billion and $11.2 billion at December 31, 2014 and 2013 which consisted primarily of the revolving credit facilities previously disclosed. We did not borrow against our two primary facilities, but had amounts in use under the letter of credit sub-facility of $0.5 billion at December 31, 2014. At December 31, 2014 GM Financial had access to the revolving credit facilities, but did not borrow against them. In September 2014 the collateral previously securing these revolving credit facilities was released upon obtaining an investment grade corporate rating from both Moody's Investor Service (Moody's) and Standard & Poor's (S&P).

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

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$16.0	$18.9
Marketable securities	9.2	9.0
Available liquidity	25.2	27.9
Available under credit facilities	12.0	10.4
Total automotive available liquidity	$37.2	$38.3

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended 2014 vs. 2013 Change
Operating cash flow	$10.1
Capital expenditures	(7.0)
Issuance of senior unsecured notes	2.5
Redemption of Series A Preferred Stock	(3.9)
Dividends paid (excluding charge related to redemption of Series A Preferred Stock)	(2.4)
Increase in available credit facilities	1.6
Effect of foreign currency	(1.1)
Capital contribution to GM Financial for the acquisition of Ally Financial's equity interest in SAIC-GMAC	(0.7)
Other	(0.2)
Total change in automotive available liquidity	$(1.1)

Cash Flow

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

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

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

In the year ended December 31, 2013 the change in depreciation, amortization and impairments was due primarily to goodwill impairment in GMNA of $26.4 billion and property impairment in GME of $3.7 billion recorded in 2012. The change in Other was primarily related to gain on sale of our investment in Ally Financial and changes in our investment in PSA.

	Years Ended December 31, 2014	2013	2012	Year Ended 2014 vs. 2013	Year Ended 2013 vs. 2012

				Change	Change
Investing Activities					
Capital expenditures	$(7.0)	$(7.5)	$(8.1)	$0.5	$0.6
Liquidations (acquisitions) of marketable securities, net	(0.4)	0.1	6.9	(0.5)	(6.8)
Sale of our investment in Ally Financial	—	0.9	—	(0.9)	0.9
Other	0.2	0.4	0.5	(0.2)	(0.1)
Automotive cash flows from investing activities	$(7.2)	$(6.1)	$(0.7)	$(1.1)	$(5.4)

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In the years ended December 31, 2014 and 2013 the change in marketable securities was primarily a result of rebalancing our investment portfolio between marketable securities and cash and cash equivalents as part of liquidity management in the normal course of business.

	Years Ended December 31,			Year Ended 2014 vs. 2013 Change	Year Ended 2013 vs. 2012 Change
	2014	2013	2012		
Financing Activities					
Issuance of senior unsecured notes	$2.5	$4.5	$—	$(2.0)	$4.5
Prepayment of Canadian Health Care Trust (HCT) notes (principal)	—	(1.1)	—	1.1	(1.1)
Early redemption of GM Korea preferred stock	—	(0.7)	(0.7)	0.7	—
Redemption and purchase of Series A Preferred Stock	(3.9)	(3.2)	—	(0.7)	(3.2)
Purchase of Common Stock	(0.2)	—	(5.1)	(0.2)	5.1
Dividends paid (excluding charge related to redemption and purchase of Series A Preferred Stock)	(2.4)	(0.9)	(0.9)	(1.5)	—
Other	(0.1)	—	(0.4)	(0.1)	0.4
Automotive cash flows from financing activities	$(4.1)	$(1.4)	$(7.1)	$(2.7)	$5.7

In the year ended December 31, 2014 the change in dividends paid was due primarily to payments for common stock dividends.

In the year ended December 31, 2013 the change in other was due primarily to net activity of debt facilities held by certain of our foreign subsidiaries, primarily in GMIO and GMSA.

Adjusted Free Cash Flow

The following table summarizes adjusted free cash flow (dollars in billions):

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

Adjustments to free cash flow included: (1) pension contributions related to the previously announced annuitization of the U.S. salaried pension plan in August 2014 and March 2013 of $0.1 billion; (2) accrued interest on the prepayment of the HCT notes of $0.2 billion in October 2013; and (3) voluntary contributions to the U.S. salaried pension plan for the purchase of annuity contracts of $2.3 billion and the premium paid to purchase our common stock from the United States Department of the Treasury of $0.4 billion in December 2012.

Status of Credit Ratings

We receive ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's and S&P. DBRS Limited, Moody's and S&P currently rate our corporate credit at investment grade while Fitch currently rates our corporate credit at non-investment grade. The following table summarizes our credit ratings at January 30, 2015:

	Corporate	Revolving Credit Facilities	Senior Unsecured	Outlook
DBRS Limited	BBB (low)	BBB (low)	N/A	Stable
Fitch	BB+	BB+	BB+	Positive
Moody's	Investment Grade	Baa3	Ba1	Stable
S&P	BBB-	BBB-	BBB-	Stable

Rating actions taken by each of the credit rating agencies from January 1, 2014 through January 30, 2015 were as follows:

DBRS Limited: Assigned revolving credit facilities rating of BBB (low) in October 2014.

Fitch: Assigned a rating of BB+ to our senior unsecured notes issued in November 2014. Assigned revolving credit facilities rating of BB+ in October 2014.

Moody’s: Assigned a rating of Ba1 to our senior unsecured notes issued in November 2014. Assigned revolving credit facilities rating of Baa3 in October 2014.

S&P: Assigned a rating of BBB- to our senior unsecured notes issued in November 2014. Assigned revolving credit facilities rating of BBB- in October 2014. Upgraded our corporate rating and senior unsecured rating to an investment grade rating of BBB- from BB+ and revised their outlook to Stable from Positive in September 2014.

Improving credit ratings provides us with greater financial flexibility and a lower cost of borrowing. Additionally the collateral formerly pledged to our revolving credit facilities was released in conjunction with achieving investment grade status from both Moody’s and S&P.

Automotive Financing - GM Financial

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, leasing income, servicing fees, net distributions from secured debt, secured and unsecured debt borrowings and collections and recoveries on finance receivables. GM Financial's primary uses of cash are purchases of finance receivables and leased vehicles, funding of commercial finance receivables, business acquisitions, repayment of secured and unsecured debt, funding credit enhancement requirements for secured debt, operating expenses and interest costs. GM Financial continues to monitor and evaluate opportunities to optimize its liquidity position and the mix of its debt.

Available Liquidity

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

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$3.0	$1.1
Borrowing capacity on unpledged eligible assets	4.8	1.6
Borrowing capacity on committed unsecured lines of credit	0.5	0.6
Available liquidity	$8.3	$3.3

The increase in available liquidity is due primarily to the issuance of $4.5 billion of senior unsecured notes in the year ended December 31, 2014, as well as the capital contribution from GM of $0.7 billion for the purchase of Ally Financial's equity interests in SAIC-GMAC.

As previously mentioned GM Financial has the ability to borrow up to $2.0 billion against each of our three-year, $5.0 billion and five-year, $7.5 billion revolving credit facilities. In September 2014 we and GM Financial entered into a support agreement which, among other things, established 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, 2014 secured and committed unsecured credit facilities totaled $18.8 billion and $1.3 billion, with advances outstanding of $7.0 billion and $0.8 billion.

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Cash Flow

The following table summarizes GM Financial cash flows from operating, investing and financing activities (dollars in billions):

	Years Ended December 31,			Year Ended 2014 vs. 2013 Change	Year Ended 2013 vs. 2012 Change
	2014	2013	2012		
Net cash provided by operating activities	$1.9	$1.6	$1.0	$0.3	$0.6
Net cash used in investing activities	$(10.5)	$(8.2)	$(2.8)	$(2.3)	$(5.4)
Net cash provided by financing activities	$9.8	$5.1	$2.3	$4.7	$2.8

Operating Activities

In the year ended December 31, 2014 net cash provided by operating activities increased due primarily to larger finance receivable and lease portfolios.

In the year ended December 31, 2013 net cash provided by operating activities increased due primarily to the acquisitions of the Ally Financial international operations.

Investing Activities

In the year ended December 31, 2014 net cash used in investing activities increased due primarily to: (1) increased loan purchases and funding, net of collections, of $2.6 billion; and (2) increased purchases of leased vehicles of $2.5 billion; partially offset by (3) decreased cash used for business acquisitions of $2.6 billion.

In the year ended December 31, 2013 net cash used in investing activities increased due primarily to: (1) increased funding of commercial finance receivables of $19.9 billion and purchase of consumer finance receivables of $4.0 billion; (2) net cash payment of $2.6 billion made in the current year on the acquisitions of the Ally Financial international operations; (3) increased purchases of leased vehicles of $1.2 billion; and (4) an increase in restricted cash of $0.6 billion; partially offset by (5) increased collections and recoveries on finance receivables of $22.8 billion.

Financing Activities

In the year ended December 31, 2014 net cash provided by financing activities increased due primarily to: (1) increased borrowings under secured and unsecured debt of $5.6 billion; and (2) repayment of debt to Ally Financial of $1.4 billion in 2013, with no related activity in 2014; partially offset by (3) increased debt repayment of $2.8 billion.

In the year ended December 31, 2013 net cash provided by financing activities increased due primarily to: (1) increased borrowings under secured and unsecured debt of $14.0 billion; partially offset by (2) increased debt repayment of $9.7 billion; and (3) the repayment of $1.4 billion in certain debt assumed as part of the acquisitions of the Ally Financial international operations.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2014 and 2013.

Contractual Obligations and Other Long-Term Liabilities

We have minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

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The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2014 (dollars in millions):

	Payments Due by Period				
	2015	2016-2017	2018-2019	2020 and after	Total
Automotive debt	$323	$252	$1,599	$6,949	$9,123
Automotive Financing debt	14,491	16,432	4,526	2,000	37,449
Capital lease obligations	180	433	110	245	968
Automotive interest payments(a)	447	882	732	5,093	7,154
Automotive Financing interest payments(b)	955	1,171	322	199	2,647
Postretirement benefits(c)	235	25	—	—	260
Contractual commitments for capital expenditures	252	—	—	—	252
Operating lease obligations	295	355	205	148	1,003
Other contractual commitments:					
Material	856	975	116	238	2,185
Marketing	979	659	235	101	1,974
Rental car repurchases	6,008	—	—	—	6,008
Other	536	563	365	901	2,365
Total contractual commitments(d)	$25,557	$21,747	$8,210	$15,874	$71,388
Non-contractual postretirement benefits(e)	$168	$752	$749	$10,827	$12,496

(a) Amounts include automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2014.

(b) GM Financial interest payments were determined using the interest rate in effect at December 31, 2014 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) Amounts include other postretirement employee benefits (OPEB) payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2016. These agreements are generally renegotiated in the year of expiration. Amounts do not include pension funding obligations, which are discussed under the caption "Critical Accounting Estimates - Pensions."

(d) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2014.

(e) Amounts include all expected future payments for both current and expected future service at December 31, 2014 for OPEB obligations for salaried employees and hourly OPEB obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed under the caption "Critical Accounting Estimates - Pensions."

The table above does not reflect product warranty and related liabilities of $9.6 billion and unrecognized tax benefits of $1.9 billion due to the uncertainty regarding the future cash outflows associated with these amounts.

Critical Accounting Estimates

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. Refer to Note 2 to our consolidated financial statements for our significant accounting policies related to our critical accounting estimates.

Pensions

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. 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 2014 an investment policy study was completed for the U.S. pension plans. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets decreased from 6.5% at December 31, 2013 to 6.4% at December 31, 2014.

Another key assumption in determining net pension expense is the assumed discount rate used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

Mortality assumptions for participants in our U.S. pension plans incorporate future mortality improvements from tables published by the Society of Actuaries (SOA). We periodically review the mortality experience of our U.S. pension plans’ participants against these assumptions. In the three months ended December 31, 2014 the SOA issued new mortality and mortality improvement tables that raise life expectancies and thereby indicate the amount of estimated aggregate benefit payments to our U.S. pension plans' participants is increasing. We have incorporated the new SOA mortality and mortality improvement tables into our December 31, 2014 measurement of our U.S. pension plans' benefit obligations. The change in these assumptions had the effect of increasing the December 31, 2014 U.S. pension plans' obligations by $2.2 billion.

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 expense over future periods. The unamortized pre-tax actuarial gain (loss) on our pension plans was $(4.6) billion and $1.4 billion at December 31, 2014 and 2013. The change is due primarily to the decrease in discount rates and the change in mortality assumptions partially offset by actual asset returns in excess of assumed returns.

The underfunded status of the U.S. pension plans increased by $3.6 billion in the year ended December 31, 2014 to $10.9 billion at December 31, 2014 due primarily to: (1) an unfavorable effect of $5.9 billion from a decrease in discount rates; (2) an unfavorable effect of $2.2 billion from an increase in life expectancies, resulting in an increase in the benefit obligations; and (3) interest and service cost of $3.3 billion; partially offset by (4) a favorable effect of $7.3 billion from actual returns on plan assets.

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

	U.S. Plans		Non-U.S. Plans	
	Effect on 2015 Pension Expense	Effect on December 31, 2014 PBO	Effect on 2015 Pension Expense	Effect on December 31, 2014 PBO
25 basis point decrease in discount rate	-$100	+$2,080	+$49	+$946
25 basis point increase in discount rate	+$70	-$2,020	-$19	-$892
25 basis point decrease in expected rate of return on assets	+$150	N/A	+$35	N/A
25 basis point increase in expected rate of return on assets	-$150	N/A	-$35	N/A

Pursuant to the labor contract with the UAW, which expires in September 2015, a benefit unit represents the calculated pension payment associated with a specific benefit plan type. The following data illustrates the sensitivity of changes in pension expense and pension obligation due to changes in future benefit units based on the last remeasurement of the U.S. hourly pension plan at December 31, 2014 (dollars in millions):

	Effect on 2015 Pension Expense	Effect on December 31, 2014 PBO
One percentage point increase in benefit units	+$85	+$263
One percentage point decrease in benefit units	-$83	-$255

We are subject to a variety of U.S. federal rules and regulations which govern the manner in which we fund and administer our U.S. pension plans. Certain of these rules and regulations allow plan sponsors funding relief for U.S. pension plans through the application of higher funding interest rates. As a result, utilizing current assumptions, we expect no significant mandatory contributions to our U.S. qualified pension plans for the next five years. We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations. Except for Canada and the United Kingdom, most non-U.S. pension laws and regulations do not have specific funding requirements.

Refer to Note 15 to our consolidated financial statements for additional information on pension contributions, investment strategies and long-term rate of return, weighted-average discount rate, the change in benefit obligation and related plan assets 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 deferred tax consequences represents our best estimate of future events. Changes in our current estimates, due to unanticipated market conditions or events, could have a material effect on our ability to utilize deferred tax assets. If law is enacted that reduces the U.S. statutory rate, we would record a significant reduction to the net deferred tax assets and related increase to income tax expense in the period that includes the enactment date of the tax rate change.

Sales Incentives

The estimated effect of sales incentives to dealers and end customers is recorded as a reduction of Automotive net sales and revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or sales region specific and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix, the rate of customer acceptance of any incentive program and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined and a reduction of Automotive net sales and revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive net sales and revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Product Warranty and Recall Campaigns

We have historically accrued estimated costs related to recall campaigns in GMNA when they are probable and reasonably estimable, which typically occurs once it is determined a specific recall campaign is needed and announced. During the three months ended June 30, 2014, following the significant increase in the number of vehicles subject to recall in GMNA, the results of our ongoing comprehensive safety review, additional engineering analysis, the creation of a new Global Product Integrity organization, the appointment of a new Global Vice President of Vehicle Safety responsible for the safety development of our vehicle systems and our overall commitment to customer satisfaction, we accumulated sufficient historical data in GMNA to support the use of an actuarial-based estimation technique for recall campaigns. As such we now accrue at the time of vehicle sale in GMNA the costs for recall campaigns. In the three months ended June 30, 2014 we recorded a catch-up adjustment of $0.9 billion in Automotive cost of sales to adjust the estimate for recall costs for previously sold vehicles. The change in estimate was treated as an adjustment for EBIT-adjusted reporting purposes. In the other regions, there is not sufficient historical data to support the application of an actuarial-based estimation technique and the estimated costs will continue to be accrued at the time when they are probable and reasonably estimable, which typically occurs once it is determined a specific recall campaign is needed and announced.

The estimates related to policy and 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. The estimates related to recall campaigns accrued at the time of vehicle sale are established by applying a frequency times severity approach that considers the number of recall events, the number of vehicles per recall event, the assumed number of vehicles that will be brought in by customers for repair (take rate) and the cost per vehicle for each recall event. Estimates contemplate the nature, frequency and magnitude of historical events with consideration for changes in future expectations. Costs associated with campaigns not accrued at the time of vehicle sale are estimated based on the per unit part and labor cost, number of units impacted and the take rate. 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. We consider trends of claims and take action to improve vehicle quality and minimize claims.

In the six months ended June 30, 2014 we recorded charges of $2.5 billion for recall campaigns and courtesy transportation that have been separately announced and $0.9 billion related to the catch-up adjustment associated with a change in estimate. The catch-up adjustment and estimated amount accrued at the time of a vehicle sale for recall campaigns is most sensitive to the estimated number of recall events, the number of vehicles per recall event, the 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. We believe the amounts recorded are adequate to cover the costs of these recall campaigns. A 10% increase in the estimated take rate for specifically announced recall campaigns would increase the estimated cost by approximately $0.2 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.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “appears,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “in
“may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “woul
of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls and the cost and effect on our reputation and products;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;

- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to manage the distribution channels for our products;

- Our ability to successfully restructure our European and consolidated international operations and the health of the European economy;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing;
- Our continued ability to develop captive financing capability, including GM Financial;
- Overall strength and stability of the automotive industry, both in the U.S. and in global markets;
- Changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations particularly laws, regulations and policies relating to vehicle safety including recalls, and, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation and government investigations including those related to our recent recalls;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or mortality or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

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

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Automotive

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, committees 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 risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

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

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of the operations. At December 31, 2014 our most significant foreign currency exposures were the Euro/U.S. Dollar, Euro/British Pound, U.S. Dollar/South Korean Won and U.S. Dollar/Mexican Peso. Derivative instruments such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2014 such contracts had remaining maturities of up to 23 months.

At December 31, 2014 and 2013 the net fair value liability of financial instruments with exposure to foreign currency risk was $0.9 billion and $1.0 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $0.2 billion at December 31, 2014 and 2013.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

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

	Years Ended December 31,	
	2014	2013
Foreign currency translation losses recorded in Accumulated other comprehensive loss	$19	$729
Losses resulting from foreign currency transactions and remeasurements recorded in earnings	$430	$352

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities. At December 31, 2014 and 2013 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations. At December 31, 2014 and 2013 the fair value liability of debt and capital leases was $9.8 billion and $6.8 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $0.4 billion and $0.3 billion at December 31, 2014 and 2013.

At December 31, 2014 and 2013 we had marketable securities of $8.0 billion and $7.2 billion classified as available-for-sale and $1.3 billion and $1.7 billion classified as trading. The potential decrease in fair value from a 50 basis point increase in interest rates would be insignificant at December 31, 2014 and 2013.

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: (1) interest earned on finance receivables; and (2) interest paid on debt, and could be affected by changes in interest rates. Typically consumer finance receivables purchased by GM Financial bear fixed interest rates and are funded by variable or fixed rate debt. Commercial finance receivables originated by GM Financial bear variable interest rates and are funded by variable 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 strategies to lock in the interest rate spread.

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities.

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In GM Financial's securitization transactions it can transfer fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions.

GM Financial had interest rate swaps and caps in asset positions with notional amounts of $3.8 billion and $3.8 billion and interest rate swaps and caps in liability positions with notional amounts of $7.4 billion and $5.5 billion at December 31, 2014 and 2013. The fair value of these derivative financial instruments was insignificant.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2014 (dollars in millions):

	2015	2016	2017	2018	2019	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$10,440	$7,336	$4,551	$2,308	$968	$382	$25,541
Weighted-average annual percentage rate	10.26 %	10.45 %	10.56 %	10.82 %	11.04 %	11.21 %	
Commercial finance receivables							
Principal amounts	$7,333	$79	$69	$87	$76	$51	$7,565
Weighted-average annual percentage rate	6.17 %	4.63 %	4.41 %	4.36 %	4.38 %	4.67 %	
Liabilities							
Secured Debt:							
Credit facilities							
Principal amounts	$4,532	$1,593	$757	$141	$17	$—	$6,991
Weighted-average interest rate	4.36 %	5.92 %	6.34 %	8.63 %	8.87 %	— %	
Securitization notes							
Principal amounts	$7,348	$5,703	$3,596	$1,190	$354	$—	$18,237
Weighted-average interest rate	1.94 %	1.86 %	2.04 %	2.50 %	3.06 %	— %	
Unsecured Debt:							
Senior notes							
Principal amounts	$—	$1,000	$2,795	$1,250	$1,405	$2,000	$8,707
Weighted-average interest rate	— %	2.75 %	3.56 %	4.65 %	2.80 %	4.33 %	
Credit facilities and other unsecured debt							
Principal amounts	$2,611	$881	$107	$85	$84	$—	$3,772
Weighted-average interest rate	10.33 %	9.70 %	5.64 %	5.14 %	5.14 %	— %	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2013 (dollars in millions):

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	2014	2015	2016	2017	2018	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$9,576	$6,642	$4,162	$2,050	$820	$290	$22,652
Weighted-average annual percentage rate	10.76 %	10.97 %	11.17 %	11.73 %	12.28 %	12.80 %	
Commercial finance receivables							
Principal amounts	$5,731	$22	$25	$94	$117	$6	$6,016
Weighted-average annual percentage rate	6.82 %	4.73 %	4.59 %	4.50 %	7.40 %	5.69 %	
Liabilities							
Secured Debt:							
Credit facilities							
Principal amounts	$6,297	$1,699	$796	$224	$19	$—	$8,995
Weighted-average interest rate	4.95 %	6.39 %	6.39 %	8.17 %	8.34 %	— %	
Securitization notes							
Principal amounts	$5,218	$4,084	$2,321	$1,114	$348	$—	$13,175
Weighted-average interest rate	1.91 %	2.12 %	2.40 %	2.71 %	2.88 %	— %	
Unsecured Debt:							
Senior notes							
Principal amounts	$—	$—	$1,000	$1,000	$1,250	$750	$4,106
Weighted-average interest rate	— %	— %	2.75 %	4.75 %	4.65 %	4.25 %	
Credit facilities and other unsecured debt							
Principal amounts	$2,108	$706	$90	$—	$76	$—	$2,972
Weighted-average interest rate	9.68 %	8.82 %	6.48 %	— %	5.64 %	— %	

GM Financial estimates the realization of finance receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

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, primarily those acquired from Ally Financial in 2013, 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's policy is to finance receivables and lease assets with debt in the same currency. When a different currency is used GM Financial typically uses foreign currency swaps to convert substantially all of its foreign currency debt obligations to the local currency of the receivables and lease assets to minimize any impact to earnings.

GM Financial had foreign currency swaps in asset positions with notional amounts of $1.6 billion and $1.7 billion and in liability positions with notional amounts of $1.1 billion and $2.1 billion at December 31, 2014 and 2013. The fair value of these derivative financial instruments was insignificant.

The following table summarizes the amounts of GM Financial's foreign currency translation and transaction and remeasurement losses (dollars in millions):

	Years Ended December 31,	
	2014	2013
Foreign currency translation gains (losses) recorded in Accumulated other comprehensive loss	$(430)	$11
Gains (losses) resulting from foreign currency transactions and remeasurements recorded in earnings	$(170)	$151
Gains (losses) resulting from foreign exchange swaps recorded in earnings	163	(149)
Net gains (losses) resulting from foreign currency exchange recorded in earnings	$(7)	$2

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated February 4, 2015 expressed an unqualified opinion on those financial statements.

/S/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Detroit, Michigan
February 4, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 4, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/S/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Detroit, Michigan
February 4, 2015

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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,		
	2014	2013	2012
Net sales and revenue			
Automotive	$151,092	$152,092	$150,295
GM Financial	4,837	3,335	1,961
Total	155,929	155,427	152,256
Costs and expenses			
Automotive cost of sales (Note 13)	138,082	134,925	140,236
GM Financial operating and other expenses	4,039	2,448	1,207
Automotive selling, general and administrative expense	12,158	12,382	14,031
Goodwill impairment charges (Note 10)	120	541	27,145
Total costs and expenses	154,399	150,296	182,619
Operating income (loss)	1,530	5,131	(30,363)
Automotive interest expense	403	334	489
Interest income and other non-operating income, net (Note 20)	823	1,063	845
Gain (loss) on extinguishment of debt (Note 14)	202	(212)	(250)
Equity income (Note 8)	2,094	1,810	1,562
Income (loss) before income taxes	4,246	7,458	(28,695)
Income tax expense (benefit) (Note 18)	228	2,127	(34,831)
Net income	4,018	5,331	6,136
Net (income) loss attributable to noncontrolling interests	(69)	15	52
Net income attributable to stockholders	$3,949	$5,346	$6,188
Net income attributable to common stockholders	$2,804	$3,770	$4,859
Earnings per share (Note 22)			
Basic			
Basic earnings per common share	$1.75	$2.71	$3.10
Weighted-average common shares outstanding	1,605	1,393	1,566
Diluted			
Diluted earnings per common share	$1.65	$2.38	$2.92
Weighted-average common shares outstanding	1,687	1,676	1,675

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

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GENERAL MOTORS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2014	2013	2012
Net income	$4,018	$5,331	$6,136
Other comprehensive income (loss), net of tax (Note 21)			
Foreign currency translation adjustments	(473)	(733)	(103)
Cash flow hedging losses, net	—	—	(2)
Unrealized gains (losses) on securities, net	(5)	(39)	45
Defined benefit plans, net	(4,505)	5,693	(2,120)
Other comprehensive income (loss), net of tax	(4,983)	4,921	(2,180)
Comprehensive income (loss)	(965)	10,252	3,956
Comprehensive (income) loss attributable to noncontrolling interests	(46)	33	41
Comprehensive income (loss) attributable to stockholders	$(1,011)	$10,285	$3,997

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

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

	December 31, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$18,954	$20,021
Marketable securities (Note 4)	9,222	8,972
Restricted cash and marketable securities (Note 4)	1,338	1,247
Accounts and notes receivable (net of allowance of $340 and $344; Note 2)	9,078	8,535
GM Financial receivables, net (Note 5)($11,134 and $10,001 at VIEs; Note 12)	16,528	14,278
Inventories (Note 6)	13,642	14,039
Equipment on operating leases, net (Note 7)	3,564	2,398
Deferred income taxes (Note 18)	9,760	10,349
Other current assets	1,584	1,662
Total current assets	83,670	81,501
Non-current Assets		
Restricted cash and marketable securities (Note 4)	935	829
GM Financial receivables, net (Note 5)($11,583 and $11,216 at VIEs; Note 12)	16,006	14,354
Equity in net assets of nonconsolidated affiliates (Note 8)	8,350	8,094
Property, net (Note 9)	27,743	25,867
Goodwill (Note 10)	1,427	1,560
Intangible assets, net (Note 11)	4,983	5,668
GM Financial equipment on operating leases, net (Note 7)($4,595 and $1,803 at VIEs; Note 12)	7,060	3,383
Deferred income taxes (Note 18)	25,414	22,736
Other assets	2,089	2,352
Total non-current assets	94,007	84,843
Total Assets	$177,677	$166,344
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	$22,529	$23,621
Short-term debt and current portion of long-term debt (Note 14)		
Automotive	500	564
GM Financial ($10,502 and $10,088 at VIEs; Note 12)	14,488	13,594
Accrued liabilities (Note 13)	28,184	24,633
Total current liabilities	65,701	62,412
Non-current Liabilities		
Long-term debt (Note 14)		
Automotive	8,910	6,573
GM Financial ($12,292 and $9,330 at VIEs; Note 12)	22,943	15,452
Postretirement benefits other than pensions (Note 15)	6,229	5,897
Pensions (Note 15)	23,788	19,483
Other liabilities (Note 13)	14,082	13,353
Total non-current liabilities	75,952	60,758
Total Liabilities	141,653	123,170

Commitments and contingencies (Note 17)		
Equity (Note 21)		
Series A preferred stock, $0.01 par value	—	3,109
Common stock, $0.01 par value	16	15
Additional paid-in capital	28,937	28,780
Retained earnings	14,577	13,816
Accumulated other comprehensive loss	(8,073)	(3,113)
Total stockholders' equity	35,457	42,607
Noncontrolling interests	567	567
Total Equity	36,024	43,174
Total Liabilities and Equity	$177,677	$166,344

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

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

	Years Ended December 31,		
	2014	2013	2012
Cash flows from operating activities			
Net income	$4,018	$5,331	$6,136
Depreciation, amortization and impairment charges	7,238	8,041	38,762
Foreign currency remeasurement and transaction losses	437	350	117
Amortization of discount and issuance costs on debt issues	181	114	188
Undistributed earnings of nonconsolidated affiliates and gains on investments	(301)	(92)	(179)
Pension contributions and OPEB payments	(1,315)	(1,458)	(3,759)
Pension and OPEB expense, net	439	638	3,232
(Gains) losses on extinguishment of debt	(202)	212	250
Provision (benefit) for deferred taxes	(574)	1,561	(35,561)
Change in other operating assets and liabilities (Note 26)	244	(1,326)	630
Other operating activities	(107)	(741)	789
Net cash provided by operating activities	10,058	12,630	10,605
Cash flows from investing activities			
Expenditures for property	(7,091)	(7,565)	(8,068)
Available-for-sale marketable securities, acquisitions	(7,636)	(6,754)	(4,650)
Trading marketable securities, acquisitions	(1,518)	(3,214)	(6,234)
Available-for-sale marketable securities, liquidations	6,874	3,566	10,519
Trading marketable securities, liquidations	1,881	6,538	7,267
Acquisition of companies, net of cash acquired	(53)	(2,623)	(44)
Proceeds from sale of business units/investments, net of cash disposed	—	896	18
Increase in restricted cash and marketable securities	(839)	(984)	(661)
Decrease in restricted cash and marketable securities	515	1,107	1,526
Purchase of finance receivables	(14,744)	(10,838)	(6,122)
Principal collections and recoveries on finance receivables	10,860	7,555	4,007
Purchases of leased vehicles, net	(4,776)	(2,254)	(1,050)
Proceeds from termination of leased vehicles	533	217	59
Other investing activities	296	(9)	(72)
Net cash used in investing activities	(15,698)	(14,362)	(3,505)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	391	156	(247)
Proceeds from issuance of debt (original maturities greater than three months)	31,373	28,041	9,036
Payments on debt (original maturities greater than three months)	(19,524)	(20,191)	(7,377)
Payments to purchase stock	(3,277)	(2,438)	(5,098)
Dividends paid (including charge related to redemption and purchase of Series A Preferred Stock)	(3,165)	(1,687)	(939)
Other financing activities	(123)	(150)	(116)
Net cash provided by (used in) financing activities	5,675	3,731	(4,741)
Effect of exchange rate changes on cash and cash equivalents	(1,102)	(400)	(8)
Net increase (decrease) in cash and cash equivalents	(1,067)	1,599	2,351

Cash and cash equivalents at beginning of period	20,021	18,422	16,071
Cash and cash equivalents at end of period	$18,954	$20,021	$18,422
Significant Non-cash Activity			
Investing Cash Flows			
Non-cash property additions	$3,313	$3,224	$3,879
Financing Cash Flows			
Mandatory conversion of Series B Preferred Stock into common stock (Note 21)		$4,854	

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

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

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Additional Paid-in Capital	Common Stockholders' Retained Earnings	Common Stockholders' Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
Balance January 1, 2012	$ 5,536	$ 4,855	$ 16	$ 26,391	$ 7,183	$ (5,861)	$ 871	$ 38,991
Net income	—	—	—	—	6,188	—	(52)	6,136
Other comprehensive loss	—	—	—	—	—	(2,191)	11	(2,180)
Purchase and retirement of common stock	—	—	(2)	(2,652)	(2,455)	—	—	(5,109)
Exercise of common stock warrants	—	—	—	5	—	—	—	5
Stock based compensation	—	—	—	89	—	—	—	89
Conversion of Series B Preferred Stock into common stock	—	—	—	1	—	—	—	1
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(80)	(80)
Other	—	—	—	—	—	—	6	6
Balance December 31, 2012	5,536	4,855	14	23,834	10,057	(8,052)	756	37,000
Net income	—	—	—	—	5,346	—	(15)	5,331
Other comprehensive income	—	—	—	—	—	4,939	(18)	4,921
Purchase and cancellation of Series A Preferred Stock	(2,427)	—	—	—	—	—	—	(2,427)
Exercise of common stock warrants	—	—	—	3	—	—	—	3
Stock based compensation	—	—	—	75	—	—	—	75
Mandatory conversion of Series B Preferred Stock into common stock	—	(4,855)	1	4,854	—	—	—	—
Cash dividends paid on Series A Preferred Stock, charge related to purchase of Series A Preferred Stock and dividends on Series B Preferred Stock	—	—	—	—	(1,587)	—	—	(1,587)
	—	—	—	—	—	—	(82)	(82)

Dividends declared or paid to noncontrolling interest								
Other	—	—	—	14	—	—	(74)	(60)
Balance December 31, 2013	3,109	$ —	15	28,780	13,816	(3,113)	567	43,174
Net income	—		—	—	3,949	—	69	4,018
Other comprehensive loss	—		—	—	—	(4,960)	(23)	(4,983)
Redemption and cancellation of Series A Preferred Stock	(3,109)		—	—	—	—	—	(3,109)
Purchase of common stock	—		—	(85)	(83)	—	—	(168)
Exercise of common stock warrants	—		1	38	—	—	—	39
Stock based compensation	—		—	206	(17)	—	—	189
Cash dividends paid on Series A Preferred Stock and charge related to redemption of Series A Preferred Stock	—		—	—	(1,160)	—	—	(1,160)
Cash dividends paid on common stock	—		—	—	(1,928)	—	—	(1,928)
Dividends declared or paid to noncontrolling interests	—		—	—	—	—	(73)	(73)
Other	—		—	(2)	—	—	27	25
Balance December 31, 2014	$ —		$ 16	$ 28,937	$ 14,577	$ (8,073)	$ 567	$ 36,024

Reference should be made to the 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 cars, trucks and automobile parts worldwide. We also provide automotive financing services through GM Financial. We analyze the results of our business through the following segments: GMNA, GME, GMIO, GMSA and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

As discussed in Note 13 we announced recalls of approximately 42 million vehicles and recorded charges of approximately $2.9 billion in Automotive cost of sales relating to recall campaigns and courtesy transportation in the year ended December 31, 2014 and as discussed in Note 17 we announced the creation of a compensation program related to faulty ignition switches on certain vehicles and recorded a charge of $400 million in the three months ended June 30, 2014.

Principles of Consolidation

The consolidated financial statements are prepared in conformity with U.S. GAAP. All intercompany balances and transactions have been eliminated in consolidation. Certain prior year amounts were reclassified to conform to our current year presentation. In the three months ended March 31, 2014 we changed our managerial and financial reporting structure to reclassify the results of our Russian subsidiaries previously reported in our GMIO segment to our GME segment. We have retrospectively revised the segment presentation for all periods presented. Refer to Note 25 for additional information on our segment reporting.

We consolidate entities that we control due to ownership of a majority voting interest and we consolidate variable interest entities (VIEs) when we have variable interests and are the primary beneficiary. We continually evaluate our involvement with VIEs to determine when these criteria are met. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate.

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.

Change in Accounting Estimate

We historically accrued estimated costs related to recall campaigns in GMNA when they are probable and reasonably estimable, which typically occurs once it is determined a specific recall campaign is needed and announced. During the three months ended June 30, 2014, following the significant increase in the number of vehicles subject to recall in GMNA, the results of our ongoing comprehensive safety review, additional engineering analysis, the creation of a new Global Product Integrity organization, the appointment of a new Global Vice President of Vehicle Safety responsible for the safety development of our vehicle systems and our overall commitment to customer satisfaction, we accumulated sufficient historical data in GMNA to support the use of an actuarial-based estimation technique for recall campaigns. As such we now accrue at the time of vehicle sale in GMNA the costs for recall campaigns. Based on expanded historical data, we recorded a catch-up adjustment of $874 million in Automotive cost of sales in the three months ended June 30, 2014 to adjust the estimate for recall costs for previously sold vehicles. In other geographical regions the historical claims data did not support the application of an actuarial-based model; therefore, recall campaigns are accrued when probable and reasonably estimable, which typically occurs once it is determined a specific recall campaign is needed and announced.

GM Financial

The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Note 2. Significant Accounting Policies

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

Revenue Recognition

Automotive

Automotive net sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and all risks and rewards of ownership have passed to our customers. For the majority of our automotive sales this occurs when a vehicle is released to the carrier responsible for transporting to a dealer and when collectability is reasonably assured. Vehicle sales are recorded when the vehicle is delivered to the dealer in most remaining cases. Provisions for recurring or announced dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive net sales and revenue at the time of vehicle sales. All other incentives, allowances and rebates related to vehicles previously sold are recorded as reductions to Automotive net sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Automotive Financing - GM Financial

Finance charge income earned on receivables is recognized using the effective interest method for consumer financing receivables and accrual method for commercial financing receivables. Fees and commissions (including incentive payments) received 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 sold, charged off or paid in full. Accrual of finance charge income on consumer 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 recorded 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 about the full collectability of contractually agreed upon principal and interest exist. 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) or, for troubled debt restructurings (TDRs), when repayment is reasonably assured based on the modified terms of the loan.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Advertising and Promotion Expenditures

Advertising and promotion expenditures, which are expensed as incurred in Automotive selling, general and administrative expense, were $5.2 billion, $5.5 billion and $5.4 billion in the years ended December 31, 2014, 2013 and 2012.

Research and Development Expenditures

Research and development expenditures, which are expensed as incurred in Automotive cost of sales, were $7.4 billion, $7.2 billion and $7.4 billion in the years ended December, 31 2014, 2013 and 2012.

Cash Equivalents

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

Allowance for Doubtful Accounts

We record an allowance for doubtful accounts based on our best estimate of recoverability of receivables. Charges related to the allowance for doubtful accounts are recorded in Automotive selling, general and administrative expense. The following table summarizes activity in our allowance for doubtful accounts and notes receivable related to our automotive operations (dollars in millions):

	Years Ended December 31,		
	2014	2013	2012
Balance at beginning of period	$344	$311	$331
Amounts charged (credited) to costs and expenses	50	61	(10)
Deductions	(8)	(24)	(46)
Effect of foreign currency and other	(46)	(4)	36
Balance at end of period	$340	$344	$311

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.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded net of related income taxes in Accumulated other comprehensive loss until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

We measure the fair value of our marketable securities using a market approach where identical or comparable prices are available and an income approach in other cases. 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 conduct an annual review of our pricing service. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices.

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in securities are other-than-temporary. Factors considered in determining whether a loss on a marketable security is other-than-temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

Finance Receivables

As the result of our October 2010 acquisition of GM Financial and GM Financial's acquisition of the Ally Financial international operations, finance receivables are reported in two portfolios: pre-acquisition and post-acquisition portfolios. The pre-acquisition finance receivables portfolio consists of finance receivables that were considered to have had deterioration in credit quality at the time they were acquired with the acquisitions of GM Financial or the Ally Financial international operations. The pre-acquisition portfolio will decrease over time with the amortization of the acquired receivables. The post-acquisition finance receivables portfolio consists of finance receivables that were considered to have had no deterioration in credit quality at the time they were acquired with the acquisition of the Ally Financial international operations and finance receivables originated since the acquisitions of GM Financial and the Ally Financial international operations. The post-acquisition portfolio is expected to grow over time as GM Financial originates new receivables.

Pre-Acquisition Consumer Finance Receivables

At the time of acquisitions the receivables were recorded at fair value. The pre-acquisition finance receivables were acquired at a discount, which contains two components: a non-accretable difference and an accretable yield. The accretable yield is recorded as finance charge income over the life of the acquired receivables.

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

Post-Acquisition Consumer Finance Receivables and Allowance for Loan Losses

Post-acquisition finance receivables originated since the acquisitions of GM Financial and the Ally Financial international operations are carried at amortized cost, net of allowance for loan losses.

The component of the allowance for consumer finance receivables that is collectively evaluated for impairment is based on a statistical calculation supplemented by management judgment. GM Financial uses a combination of forecasting models to determine the allowance for loan losses. Factors that are considered when estimating the allowance include loss confirmation period, historical delinquency migration to loss, probability of default and loss given default. The loss confirmation period is a key assumption within the models, which represents the average amount of time from when a loss event first occurs to when the receivable is charged-off.

Consumer finance receivables that become classified as TDRs are separately assessed for impairment. A specific allowance is estimated based on the present value of the expected future cash flows of the receivable discounted at the loan's original effective interest rate.

Consumer finance receivables are generally charged off in the month in which the account becomes 120 days contractually delinquent if we have not yet recorded a repossession charge-off. A charge-off generally represents the difference between the estimated net sales proceeds and the amount of the contract, including accrued interest.

The finance receivables acquired with the Ally Financial international operations that were considered to have no deterioration in credit quality at the time of acquisition were recorded at fair value. The purchase discount will accrete to income over the life of the receivables, based on contractual cash flows, using the effective interest method. Provisions for loan losses are charged to operations in amounts equal to net credit losses for the period. Any subsequent deterioration in the performance of the acquired receivables will result in an incremental provision for loan losses.

Inventory

Inventories are stated at the lower of cost or market. Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current and expected incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage or if they have become obsolete.

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Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation and impairment, net of origination fees or costs and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Leased vehicles are depreciated on a straight-line basis to an estimated residual value over the term of the lease agreements.

We have significant investments in vehicles in operating lease portfolios, which are composed of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average eight months or less. We are exposed to changes in the residual values of those assets. For impairment purposes the residual values represent estimates of the values of the vehicles leased at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicles leased. If the carrying amount is considered impaired an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. Upon disposition proceeds are recorded in Automotive net sales and revenue and costs are recorded in Automotive cost of sales. In our automotive finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell. Upon disposition a gain or loss is recorded for any difference between the net book value of the leased asset and the proceeds from the disposition of the asset.

Depreciation expense and impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. Impairment charges related to equity method investments are recorded in Equity income. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Property, net

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

Special Tools

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

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis as of October 1, or more frequently if events occur or circumstances change that would warrant such a review. Our reporting units are GMNA and GME and various reporting units within the GMIO, GMSA and GM Financial segments. When performing our goodwill impairment testing, the fair values of our reporting units are determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates, which utilize Level 3 measures, about the extent and timing of future cash flows, growth rates, market share and discount rates that represent unobservable inputs into our valuation methodologies. Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3 measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculate the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to Accounting Standards Codification (ASC) 805.

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. Impairment charges related to intangible assets are recorded in Automotive selling, general and administrative expense or Automotive cost of sales. Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds fair value. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level and consider their geographical location. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA and GME and tested at or within our various reporting units within our GMIO, GMSA and GM Financial segments. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

Pension and 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 amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the average period to full eligibility; (2) the average life expectancy of the plan participants; or (3) the period to the plan's termination date for a plan which provides legal services.

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

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany represents 92% of the non-U.S. pension benefit obligation at December 31, 2014. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach similar to the U.S. approach.

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.

Cash Equivalents and Other Short-Term Investments

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

Common and Preferred Stock

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

Fixed Income Securities

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

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

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded and are classified in Level 1. Investments in private investment funds (including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments in private investment funds, which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

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

Fair value estimates for private investment funds, private equity, private debt and real estate investments are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether 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 to 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.

Derivatives

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

Job Security Programs and Extended Disability Benefits

We have job security programs to provide UAW and Unifor (combined union of the Canadian Auto Workers union and the Communications, Energy and Paperworkers Union of Canada) employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. We also provide extended disability benefits for employees currently disabled and those in the active workforce who may become disabled in the form of income replacement, healthcare costs and life insurance premiums.

We recognize a liability for job security programs and extended disability benefits over the expected service period using measurement provisions similar to those used to measure our OPEB obligations based on our best estimate of the probable liability at the measurement date. We record actuarial gains and losses immediately in earnings.

Stock Incentive Plans

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value which is the fair value of our common stock on the date of grant for RSUs and Performance Share Units (PSUs). For awards that do not have an accounting grant date established, the compensation cost is based on the fair value of our common stock at the end of each reporting period. We record compensation cost for the awards on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period. Salary stock awards granted are fully vested and nonforfeitable upon grant; therefore, compensation cost is recorded on the date of grant. The liability for stock incentive plan awards settled in cash is remeasured to fair value at the end of each reporting period.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary based on changes in these factors. The estimated costs related to recall campaigns are accrued at the time of vehicle sale in GMNA and when probable and reasonably estimable in other geographical regions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. 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.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. We record interest and penalties on uncertain tax positions in Income tax expense (benefit).

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.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive cost of sales and GM Financial operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net. Foreign currency transaction and remeasurement losses were $437 million, $350 million and $117 million in the years ended December 31, 2014, 2013 and 2012.

Accounting Standards Not Yet Adopted

In May 2014 the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09) which requires companies to recognize revenue when a customer obtains control rather than when companies have transferred substantially all risks and rewards of a good or service. This update is effective for annual reporting periods beginning on or after December 15, 2016 and interim periods therein and requires expanded disclosures. We are currently assessing the impact the adoption of ASU 2014-09 will have on our consolidated financial statements.

Note 3. Acquisition of Businesses

Acquisition of Certain Ally Financial International Operations

In November 2012 GM Financial entered into a definitive agreement with Ally Financial to acquire 100% of the outstanding equity interests in the top level holding companies of its automotive finance and financial services operations in Europe and Latin America and a separate agreement to acquire Ally Financial's non-controlling equity interest in SAIC-GMAC, which conducts automotive finance and other financial services in China.

In the year ended December 31, 2013 GM Financial completed acquisitions of Ally Financial's European and Latin American automotive finance operations for an aggregate consideration of $3.3 billion. GM Financial recorded the fair value of the assets acquired and liabilities assumed on the acquisition dates, which consisted primarily of finance receivables and secured and unsecured debt with the remaining amount allocated to cash, other assets and liabilities and the residual goodwill recorded of $144 million. In the year ended December 31, 2014 there were no significant adjustments recorded to these assets acquired or liabilities assumed. The results of the acquired European and Latin American automotive finance operations are included in GM Financial's results beginning on the dates GM Financial completed each acquisition. The unaudited pro forma revenue and net income attributable to stockholders for the year ended December 31, 2013 had these acquisitions occurred as of January 1, 2012 would be $156.3 billion and $5.5 billion.

On January 2, 2015 GM Financial completed its acquisition of Ally Financial's 40% equity interest in SAIC-GMAC in China. The aggregate purchase price was approximately $1.0 billion, subject to certain post-closing adjustments. Also on January 2, 2015 GM Financial sold a 5% equity interest in SAIC-GMAC to SAICFC, a current shareholder of SAIC-GMAC, for proceeds of approximately $120 million, subject to certain post-closing adjustments. The valuation of the equity interest acquired was not yet complete at the time of this filing on Form 10-K because it was not practicable. As a result of these transactions GM indirectly owns 45% of SAIC-GMAC.

Note 4. Marketable Securities

The following table summarizes information regarding marketable securities (dollars in millions):

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	Fair Value Level	December 31, 2014		December 31, 2013	
		Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents					
Available-for-sale securities					
U.S. government and agencies	2	$1,600	$1,600	$1,437	$1,437
Sovereign debt	2	774	774	515	515
Money market funds	1	2,480	2,480	1,262	1,262
Corporate debt	2	6,036	6,036	7,598	7,598
Total available-for-sale securities		$10,890	10,890	$10,812	10,812
Trading securities					
Sovereign debt	2		431		—
Corporate debt	2		—		25
Total trading securities			431		25
Total marketable securities classified as cash equivalents			11,321		10,837
Cash, cash equivalents and time deposits			7,633		9,184
Total cash and cash equivalents			$18,954		$20,021
Marketable securities					
Available-for-sale securities					
U.S. government and agencies	2	$5,957	$5,957	$5,343	$5,344
Corporate debt	2	2,000	1,998	1,889	1,891
Total available-for-sale securities		$7,957	7,955	$7,232	7,235
Trading securities – sovereign debt	2		1,267		1,737
Total marketable securities			$9,222		$8,972
Restricted cash and marketable securities					
Available-for-sale securities					
Money market funds	1	$1,381	$1,381	$897	$897
Other	2	45	46	34	35
Total marketable securities classified as restricted cash and marketable securities		$1,426	1,427	$931	932
Restricted cash and cash equivalents and time deposits			846		1,144
Total restricted cash and marketable securities			$2,273		$2,076

We are required to post cash and marketable securities as collateral as part of certain agreements that we enter into as part of our operations. Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements and include amounts related to various deposits, escrows and other cash collateral.

Sales proceeds from investments classified as available-for-sale and sold prior to maturity were $5.9 billion, $4.7 billion and $4.7 billion in the years ended December 31, 2014, 2013 and 2012. Cumulative unrealized gains and losses on available-for-sale securities and net unrealized gains and losses on trading securities were insignificant at and in the years ended December 31, 2014, 2013 and 2012.

The following table summarizes the amortized cost and the fair value of investments classified as available-for-sale by contractual maturity at December 31, 2014 (dollars in millions):

	Amortized Cost	Fair Value
Due in one year or less	$14,461	$14,461
Due after one year through five years	1,951	1,950
Total contractual maturities of available-for-sale securities	$16,412	$16,411

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Peugeot S.A.

In December 2013 we sold our seven percent investment in Peugeot S. A. (PSA) common stock for $339 million, net of disposal costs and we recorded a net gain of $152 million in Interest income and other non-operating income, net.

At December 31, 2012 we determined that the carrying amount of our investment in PSA common stock was impaired and that the impairment was other-than-temporary. As a result we transferred the total unrealized losses from Accumulated other comprehensive loss to Interest income and other non-operating income, net resulting in an impairment charge of $220 million.

Note 5. GM Financial Receivables, net

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

	December 31, 2014			December 31, 2013		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Pre-acquisition finance receivables, outstanding amount	$508	$—	$508	$1,294	$—	$1,294
Pre-acquisition finance receivables, carrying amount	$459	$—	$459	$1,174	$—	$1,174
Post-acquisition finance receivables, net of fees	25,164	7,606	32,770	21,956	6,050	28,006
Finance receivables	25,623	7,606	33,229	23,130	6,050	29,180
Less: allowance for loan losses	(655)	(40)	(695)	(497)	(51)	(548)
GM Financial receivables, net	$24,968	$7,566	$32,534	$22,633	$5,999	$28,632
Fair value of GM Financial receivables, net			$33,106			$28,668

Allowance for loan losses classified as current at December 31, 2014 and 2013 were $529 million and $427 million.

GM Financial determines the fair value of consumer finance receivables using observable and unobservable inputs within a cash flow model. The inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows are calculated and discounted using a weighted-average cost of capital (WACC) or current interest rates. The WACC uses unobservable debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity profile as the portfolio. Macroeconomic factors could affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model. A substantial majority of commercial finance receivables have variable interest rates and maturities of one year or less. Therefore, the carrying amount is considered to be a reasonable estimate of fair value.

The following table summarizes activity for the allowance for loan losses on consumer and commercial finance receivables (dollars in millions):

Years Ended December 31,

	2014	2013	2012
Balance at beginning of period	$548	$351	$179
Provision for loan losses	604	475	304
Charge-offs	(914)	(643)	(304)
Recoveries	470	362	172
Effect of foreign currency	(13)	3	—