General Motors Co
Form 10-K
February 06, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004
Form 10-K
þANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017
OR
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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) 667-1500
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
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 (§ 229.405 of this chapter) 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "small reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨ Emerging growth company ¨
(Do not check if a smaller reporting company)

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

Indicate by check mark whether the registrant 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 $51.2 billion as of June 30, 2017.

As of January 30, 2018 the number of shares outstanding of common stock was 1,402,630,363 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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GENERAL MOTORS COMPANY AND SUBSIDIARIES

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, crossovers and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial). Except for per share amounts or as otherwise specified, amounts presented within tables are stated in millions.
On July 31, 2017 we closed the sale of the Opel and Vauxhall businesses and certain other assets in Europe (the Opel/Vauxhall Business) to Peugeot, S.A. (PSA Group). On October 31, 2017 we closed the sale of the European financing subsidiaries and branches (the Fincos, and together with the Opel/Vauxhall Business, the European Business) to Banque PSA Finance S.A. and BNP Paribas Personal Finance S.A. The European Business was previously reported as our GM Europe (GME) segment and part of GM Financial. The European Business is presented as discontinued operations in our consolidated financial statements for all periods presented. The assets and liabilities of the European Business are presented as held for sale in our consolidated financial statements as of December 31, 2016. Unless otherwise indicated, information in this report relates to our continuing operations.

Segment Reporting Data During the three months ended December 31, 2017, we changed our automotive segments as a result of changes in our organizational structure and the evolution of our business resulting from the sale of the Opel/Vauxhall Business and the various strategic actions taken in the GM International Operations (GMIO) region. As a result, our GM South America (GMSA) and GMIO operating segments are now reported as one, combined reportable international segment, GM International (GMI). Our GM North America (GMNA) and GM Financial segments were not impacted. All periods presented have been recast to reflect the changes. Operating segment data and principal geographic area data for the years ended December 31, 2017, 2016 and 2015 are summarized in Note 24 to our consolidated financial statements.

Automotive Our automotive operations meet the demands of our customers through our automotive segments: GMNA and GMI. GMNA meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the Buick, Cadillac, Chevrolet and GMC brands. GMI primarily meets the demands of customers outside North America with vehicles developed, manufactured and/or marketed under the Buick, Cadillac, Chevrolet, GMC and Holden brands. We also have equity ownership stakes in entities that meet the demands of customers in other countries, primarily in China, with vehicles developed, manufactured and/or marketed under the Baojun, Buick, Cadillac, Chevrolet, Jiefang and Wuling brands.

In addition to the vehicles we sell through our dealer network to retail customers, we also sell vehicles directly or through our dealer network to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Our 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 and Vehicle Sales The principal factors that determine consumer vehicle preferences in the markets in which we operate include overall vehicle design, price, quality, available options, safety, reliability, fuel economy and functionality. Market leadership in individual countries in which we compete varies widely.

We present both wholesale and retail vehicle sales data to assist in the analysis of our revenue and our market share. Wholesale vehicle sales data, which represents sales directly to dealers and others, including sales to fleet customers, is the measure that correlates to our revenue from the sale of vehicles, which is the largest component of Automotive net sales and revenue. Wholesale vehicle sales exclude vehicles sold by joint ventures. In the year ended December 31, 2017 39% 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,								
	2017			2016			2015		
GMNA(a)	3,511	73.5	%	3,958	75.9	%	3,558	72.2	%
GMI(b)	1,267	26.5	%	1,255	24.1	%	1,372	27.8	%
Total	4,778	100.0	%	5,213	100.0	%	4,930	100.0	%
Discontinued operations	696			1,199			1,140		

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(a) Wholesale vehicle sales related to transactions with the European Business were insignificant for the years ended December 31, 2017, 2016 and 2015.

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(b) Wholesale vehicle sales include 131, 128 and 181 vehicles related to the transactions with the European Business for the years ended December 31, 2017, 2016 and 2015.

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

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

	Years Ended December 31,								
	2017			2016			2015		
	Industry	GM	Market Share	Industry	GM	Market Share	Industry	GM	Market Share
North America									
United States	17,567	3,002	17.1 %	17,886	3,043	17.0 %	17,864	3,082	17.3 %
Other	3,981	574	14.4 %	3,993	587	14.7 %	3,666	530	14.5 %
Total North America(a)	21,548	3,576	16.6 %	21,879	3,630	16.6 %	21,530	3,612	16.8 %
Asia/Pacific, Middle East and Africa									
China(b)	28,250	4,041	14.3 %	28,274	3,914	13.8 %	25,050	3,730	14.9 %
Other(c)	21,067	629	3.0 %	20,599	720	3.5 %	21,391	899	4.2 %
Total Asia/Pacific, Middle East and Africa(a)	49,317	4,670	9.5 %	48,873	4,634	9.5 %	46,441	4,629	10.0 %
South America									
Brazil	2,239	394	17.6 %	2,050	346	16.9 %	2,568	388	15.1 %
Other	1,927	275	14.3 %	1,623	237	14.6 %	1,619	257	15.9 %
Total South America(a)	4,166	669	16.1 %	3,673	583	15.9 %	4,187	645	15.4 %
Total in GM markets	75,031	8,915	11.9 %	74,425	8,847	11.9 %	72,158	8,886	12.3 %
Total Europe	19,149	685	3.6 %	18,620	1,161	6.2 %	17,463	1,099	6.3 %
Total Worldwide(d)	94,180	9,600	10.2 %	93,045	10,008	10.8 %	89,621	9,985	11.1 %
United States									
Cars	6,145	709	11.5 %	6,897	890	12.9 %	7,475	931	12.5 %
Trucks	5,039	1,328	26.4 %	4,911	1,325	27.0 %	4,675	1,274	27.2 %
Crossovers	6,383	965	15.1 %	6,078	828	13.6 %	5,714	877	15.4 %
Total United States	17,567	3,002	17.1 %	17,886	3,043	17.0 %	17,864	3,082	17.3 %
China(b)									
SGMS		1,906			1,806			1,711	
SGMW and FAW-GM		2,135			2,108			2,019	
Total China	28,250	4,041	14.3 %	28,274	3,914	13.8 %	25,050	3,730	14.9 %

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(a) Sales of Opel/Vauxhall outside of Europe were insignificant in the years ended December 31, 2017, 2016 and 2015.

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(b) Our China sales include the Automotive China JVs SAIC General Motors Sales Co., Ltd. (SGMS), SAIC GM Wuling Automobile Co., Ltd. (SGMW) and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM). In the three months ended March 31, 2017 we began using estimated vehicle registrations data as the basis for calculating industry volume and market share in China. In the years ended December 31, 2016 and 2015 wholesale volumes were used for Industry, GM and Market Share. Our retail sales in China were 3,871 and 3,613 in the years ended December 31, 2016 and 2015.

(c) Includes Industry and GM sales in India and South Africa. As of December 31, 2017 we have ceased sales of Chevrolet for the domestic markets in India and South Africa.

(d) We do not currently export vehicles to Cuba, Iran, North Korea, Sudan or Syria. Accordingly these countries are excluded from industry sales data and corresponding calculation of market share.

In the year ended December 31, 2017 we estimate we had the largest market share in North America and South America, and the number three market share in the Asia/Pacific, Middle East and Africa region, which included the number two market share in China. Refer to the Overview in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) for discussion on changes in market share by region.

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

	Years Ended December 31,		
	2017	2016	2015
GMNA	691	707	795
GMI	541	527	468
Total fleet sales	1,232	1,234	1,263
Fleet sales as a percentage of total retail vehicle sales	13.8 %	13.9 %	14.2 %

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

	Years Ended December 31,		
	2017	2016	2015
Daily rental sales	282	327	400
Other fleet sales	296	269	278
Total fleet sales	578	596	678

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

Cyclical 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 in part on general economic conditions, credit availability and consumer spending.

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

The following table summarizes the number of authorized dealerships:

	December 31, 2017	December 31, 2016	December 31, 2015
GMNA	4,809	4,857	4,886
GMI	7,641	8,598	9,177
Total	12,450	13,455	14,063

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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. 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 made only with GM parts. Our dealers generally provide their customers with access to credit or lease financing, vehicle insurance and extended service contracts provided by GM 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 and regulations that may supersede those contractual terms and impose specific regulatory requirements and standards for initiating dealer network changes, pursuing terminations for cause and other contractual matters.

Research, Product and Business 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 and greenhouse gas (GHG) emissions control, improved fuel economy, electrification, autonomous vehicles, the safety of drivers and passengers, and urban mobility. Research and development expenses were $7.3 billion, $6.6 billion and $6.0 billion in the years ended December 31, 2017, 2016 and 2015.

Product Development The Product Development organization is responsible for designing and integrating vehicle and powertrain components to maximize part sharing across multiple vehicle segments. Global teams in Design, Program Management, Component & Subsystem Engineering, Product Integrity, Safety, Propulsion Systems and Purchasing & Supply Chain collaborate to meet customer requirements and maximize global economies of scale.

Our global vehicle architecture development is headquartered at our Global Technical Center in Warren, Michigan. Cross-segment part sharing is an essential enabler to our Vehicle Set Strategy, designed to reduce our overall number of global vehicle architectures to four major vehicle sets. As we implement the four vehicle sets, we will continue to leverage our current architecture portfolio to accommodate our customers around the world while achieving our financial goals.

Hybrid, Plug-In, Extended Range and Battery Electric Vehicles We are investing in multiple technologies offering increasing levels of vehicle electrification including eAssist, plug-in hybrid, full hybrid, extended range and zero emission battery electric vehicles that are part of our long-term strategy to reduce petroleum consumption and GHG emissions. We currently offer seven models in the U.S. featuring some form of electrification and continue to develop plug-in hybrid electric vehicle technology and extended range electric vehicles such as the Chevrolet Volt and Bolt EV. In October 2017 we announced our plans to launch more than 20 new Zero Emission Vehicles (ZEVs) in global markets by 2023, including two in the next 18 months.

Car- and Ride-Sharing Our car-sharing brand Maven gives customers access to highly personalized, on-demand mobility services. Maven is available in 18 cities across the U.S. and Canada and has started first pilot operations in Australia. Maven offers three different types of consumer and commercial services. Maven Gig allows members to earn money on their own terms by providing a vehicle that can be used to deliver goods or ride-sharing services provided by Lyft, Inc. (Lyft) and Uber Technologies Inc. Maven City offers vehicles with dedicated parking spots for easy city driving with the cost of gas or electric charging included. Vehicles are available by the hour, day, week or month. Maven Home provides on-site car sharing for residential communities. Through December 31, 2017 Maven has accumulated over 230 million miles driven, 5 million all-electric miles driven, 114,000 reservations and has 104,000 members.

Autonomous Technology We see autonomous technology leading to a future of zero congestion, zero emissions and zero crashes, since more than 90% of crashes are caused by driver error, according to the National Highway Traffic Safety Administration (NHTSA). We are among the leaders in the industry with significant global real-world experience in delivering connectivity, safety and security services to millions of customers through OnStar, LLC (OnStar) and advanced safety features that are the building blocks to more advanced automation features that are driving our leadership position in the development of autonomous technology. An example of advanced automation is Super Cruise, a hands-free driving customer convenience feature that is available on the 2018 Cadillac CT6 sedan.

We are actively testing autonomous vehicles on public roads in San Francisco, California; Scottsdale, Arizona; and Warren, Michigan. Additionally, we plan to develop an integrated network of on-demand autonomous vehicles in the U.S. In November

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2017 we announced that our growing fleet of test vehicles will accumulate a significant number of miles in 2018, and based on our current rate of change we expect commercial launch at scale in dense urban environments in 2019.

Alternative Fuel Vehicles We believe alternative fuels offer significant potential to reduce petroleum consumption and resulting GHG emissions in the transportation sector. By leveraging experience and capability developed around these technologies in our global operations we continue to develop FlexFuel vehicles that can run on ethanol-gasoline blend fuels as well as technologies that support compressed natural gas and liquefied petroleum gas.

We offer a variety of FlexFuel vehicles in the U.S. for the 2018 model year to retail and commercial customers capable of operating on gasoline, E85 ethanol or any combination of the two. In Brazil, a substantial majority of vehicles sold are FlexFuel vehicles capable of running on high ethanol blends. We also market FlexFuel vehicles in other global markets where biofuels are in the marketplace. We support the development of biodiesel blend fuels, which are alternative diesel fuels produced from renewable sources.

Hydrogen Fuel Cell Technology Another part of our long-term strategy to reduce petroleum consumption and GHG emissions is our commitment to the 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. These programs are helping us identify consumer and infrastructure needs to understand the business case for potential production of vehicles with this technology. We are exploring non-traditional automotive uses for fuel cells in several areas, including demonstrations with the U.S. Army and U.S. Navy.

We signed a co-development agreement and established a nonconsolidated JV with Honda Motor Company in 2016 for a next-generation fuel cell system and hydrogen storage technologies, aiming for the 2020 timeframe for commercialization. The collaboration expects to succeed by sharing expertise, economies of scale and common sourcing strategies and builds upon GM's and Honda Motor Company's strengths as leaders in hydrogen fuel cell technology.

OnStar OnStar is a wholly-owned subsidiary of GM serving more than 7 million subscribers. OnStar is a provider of connected safety, security and mobility solutions and advanced information technology and is available on the majority of our 2018 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.

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 are individually material to our business as a whole, these patents are 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 to manufacture our products. The raw materials primarily include 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. Refer to Item 1A. Risk Factors for further discussion of these risks. Combined purchases from our two largest suppliers have been approximately 12% of our total purchases in each of the years ended December 31, 2017, 2016 and 2015.

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 and other in-use compliance monitoring activities may increase warranty costs and the likelihood of recall. Emission and OBD requirements have become more stringent as a result of lower emission standards and new diagnostic requirements which have come into force in many markets around the world driven by policy priorities such as air quality, energy security and climate change, often with very little harmonization of the regulations. While we believe all of our products are designed and manufactured in material compliance with substantially all vehicle emissions requirements, regulatory authorities may conduct ongoing evaluations of the emissions compliance of products from all manufacturers. This includes vehicle emissions testing, including CO_2 and nitrogen oxide emissions testing, and review of emission control designs and strategies.

The U.S. federal government imposes stringent emission control requirements on vehicles sold in the U.S., and various state governments impose additional emission requirements established by California. Canada’s federal government vehicle emission requirements are generally aligned with the U.S. federal 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.

CARB's latest emission requirements include more stringent exhaust emission and evaporative emission standards including an increase in ZEVs which must be offered for sale in California. CARB has adopted 2018 model year and later requirements for increasing volumes of ZEVs to achieve GHG as well as criteria pollutant emission reductions to help achieve the state's long-term GHG reduction goals. The Canadian Province of Quebec also plans to adopt ZEV requirements starting with the 2018 model year largely based on California program requirements. There is a possibility that additional jurisdictions could adopt ZEV requirements in the future. The EPA has adopted similar exhaust emission and evaporative emission standards which began a multi-year phase-in with the 2017 model year, but do not include ZEV requirements. 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 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.

China implemented the China 5 emission standard nationwide at the beginning of 2017. China 5 is more stringent than the previous program on all levels including overall emission requirements and the time and mileage period for which vehicles need to meet China 5 level performance. China will implement a unique China 6 emission standard that combines elements of both European and U.S. standards, includes more stringent emission requirements and increases the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance. Nationwide implementation for new registrations is expected in July 2020 for China 6a and July 2023 for the more stringent China 6b standard. However, localities can pull ahead China 6 requirements if certain criteria are met. Some cities may implement China 6 as early as January 2019.

In South America certain countries follow the U.S. test procedures, standards and OBD requirements and others follow the European Union test procedures, standards and OBD requirements with different levels of stringency. Brazil implemented national L6 standards for light diesel vehicles in 2012 and OBD installation for light diesel vehicles in 2015. L6 standards for light gasoline vehicles were implemented in 2015 for all models.

As a result of the sale of the Opel/Vauxhall Business, GM’s vehicle presence in Europe will be smaller, but GM may be affected by actions taken by regulators related to products sold before the sale of the Opel/Vauxhall Business and future products sold by GM in Europe. For example, in Germany, a number of automotive manufacturers, including our former German subsidiary, have participated in continuing discussions with German and European Union authorities concerning emissions control systems. In the European Union, increased scrutiny of compliance with emissions standards may result in changes to these standards, including implementation of “real world driving” emissions (RDE) tests, as well as stricter interpretations or redefinition of these standards and more rigorous enforcement. This may lead to increased costs, penalties, and lack of certainty related to product portfolio planning, negative publicity or reputation impact for us. In the long-term, we expect that the European Commission will continue devising regulatory requirements on the emission test cycle, RDE, low temperature testing, fuel evaporation and OBD.

Automotive Fuel Economy In the U.S., NHTSA promulgates and enforces Corporate Average Fuel Economy (CAFE) standards for three separate fleets: domestically produced cars, imported cars and light-duty trucks. Manufacturers are subject to substantial civil penalties if they fail to meet the applicable CAFE standard in any model year, after taking into account all available credits for the preceding five model years and expected credits for the three succeeding model years. In addition to federal CAFE reporting, the EPA promulgates and enforces GHG emission standards, which are effectively fuel economy standards because the majority of vehicle GHG emissions are the result of fuel combustion. In addition, CARB has asserted the right to promulgate and enforce its own state GHG standards for motor vehicles, and other states have asserted the right to adopt the California standards. However, CARB has agreed that compliance with the federal EPA light duty GHG program is deemed to be in compliance with the California standards through the 2025 model year.

China has two fuel economy requirements for passenger vehicles: an individual vehicle pass-fail type approval requirement and a fleet average fuel consumption requirement. The current China Phase 4 fleet fuel consumption requirement is effective from 2016-2020. China Phase 4 is based on curb weight with full compliance to 5.0L/100 km required by 2020. China Phase 4 has continued subsidies for plug-in hybrid, battery electric and fuel cell vehicles. China Phase 5 is currently being developed with a planned start in 2021 with full compliance to 4.0L/100km required by 2025. China recently announced the details of the New Energy Vehicle Mandate. This will require passenger car manufacturers to produce a certain volume of plug-in hybrid, battery electric and fuel cells vehicles to generate "credits" equivalent to 10% in 2019 and 12% in 2020. The number of credits per car is based on the level of E-range and energy efficiency.

Regulators in other jurisdictions have already adopted or are developing fuel economy or carbon dioxide regulations. If regulators in these jurisdictions seek to impose and enforce emission standards that are misaligned with market conditions, we may be forced to take various actions to increase market support programs for more fuel-efficient vehicles and curtail production of certain high-performance cars, trucks and sport utility vehicles (SUVs) in order to achieve compliance. We regularly evaluate our current and future product plans and strategies for compliance with fuel economy and GHG regulations.

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

To mitigate the effects of our worldwide operations on the environment, we are converting as many of our worldwide operations as possible to landfill-free operations which reduces GHG emissions associated with waste disposal. At December 31, 2017, 80 (or approximately 50%) of our manufacturing operations were landfill-free. Additionally, 63 of our non-manufacturing operations are landfill-free. At our landfill-free manufacturing operations approximately 95% of waste materials are composted, reused, or recycled and approximately 4% are converted to energy at waste-to-energy facilities. In 2017 we estimate that our waste reduction program diverted 1.5 million metric tons of waste from landfill, resulting in approximately 6.6 million metric tons of GHG emissions avoided in global manufacturing operations, including construction, demolition and remediation wastes.

In addition to minimizing our impact on the environment, our landfill-free program and total waste reduction commitments generate revenue from the sale of production by-products, reduce our use of material, 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 and work to drive growth and scale of renewables. We have committed to meeting the electricity needs of our operations worldwide with renewable energy by 2050. At December 31, 2017 we had implemented projects or signed renewable energy contracts globally that had increased our total renewable energy capacity to over 400 megawatts. In 2017 GM executed two 100 megawatt wind power purchase agreements to match our Ohio and Indiana manufacturing plant load when each of these projects come online in 2018. We continue to seek opportunities for a diversified renewable energy portfolio including wind, solar, and landfill gas. In 2017 Energy Star certified three of our assembly plants and 17 buildings for superior energy management. We also met the EPA Energy Star Challenge for Industry (EPA Challenge) at eight additional sites globally by reducing energy intensity an average of 18% at these sites. To meet the EPA Challenge, industrial sites must reduce energy intensity by 10% within a five year period. In total 71 GM-owned sites have met the EPA Challenge, with many sites achieving the goal multiple times. These efforts minimize our utility expenses and are part of our approach to addressing climate change through setting a GHG emissions reduction target, collecting accurate data, following our business plan and publicly reporting progress against our target.

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

Globally, governmental agencies continue to introduce new legislation and regulations related to the selection and use of chemicals by mandating broad prohibitions or restrictions and implementing green chemistry, life cycle analysis and product stewardship initiatives. These initiatives give broad regulatory authority to ban or restrict the use of certain chemical substances and potentially affect automobile manufacturers' responsibilities for vehicle components at the end of a vehicle's life, as well as chemical selection for product development and manufacturing. Global treaties and initiatives such as the Stockholm, Basel and Rotterdam Conventions on Chemicals and Waste and the Minamata Convention on Mercury, are driving chemical regulations across signatory countries. In addition, more global jurisdictions are establishing substance standards with regard to Vehicle Interior Air Quality.

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Chemical regulations are increasing in North America. In June 2016, the U.S. enacted the Chemical Safety for the 21st Century Act that grants the EPA increased authority to regulate and restrict chemical use in the U.S. and is expected to increase the level of regulation of chemicals in vehicles. Chemical restrictions in Canada continue to progress rapidly as a result of Environment Canada's Chemical Management Plan to assess existing substances and implement risk management controls on any chemical deemed toxic.

China prohibits the use of several chemical substances in vehicles. There are also various regulations in China stipulating the requirements for chemical management. Among other things, these regulations catalogue and restrict the use and the import and export of various chemical substances. The failure of our joint venture partners or our suppliers to comply with these regulations could disrupt production in China or prevent our joint venture partners from selling the affected products in the China market.

These emerging regulations will potentially lead to increases in costs and supply chain complexity. We believe that we are materially in compliance with substantially all of these requirements or expect to be materially in compliance by the required dates.

Safety In the U.S. the National Traffic and Motor Vehicle Safety Act of 1966 prohibits the sale of any new vehicle or equipment in the U.S. that does not conform to applicable vehicle safety standards established by the NHTSA. If we or NHTSA determine that either 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, adding complexity to regulatory compliance.

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

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

In North America GM Financial's retail automobile finance programs include full credit spectrum lending and leasing. The sub-prime lending program is primarily offered to consumers with FICO scores 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. The leasing product is offered through our franchised dealers and primarily targets prime consumers leasing new vehicles. GM Financial has expanded its leasing and prime lending programs through our franchised dealers, and as a result, leasing and prime lending have become a larger percentage of originations and the retail portfolio balance.

Internationally GM Financial's retail automobile finance programs focus on financing new GM vehicles and select used vehicles.

Generally GM Financial seeks to fund its operations in each country through local sources 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 in public markets.

Employees At December 31, 2017 we employed 103,000 (57%) hourly employees and 77,000 (43%) salaried employees. At December 31, 2017 51,000 (50%) 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):

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	December 31, 2017
GMNA	124
GMI	47
GM Financial	9
Total Worldwide	180
U.S. - Salaried	52
U.S. - Hourly	51

Executive Officers of the Registrant As of February 6, 2018 the names and ages of our executive officers and their positions with GM are as follows:

Name (Age)	Present GM Position (Effective Date)	Positions Held During the Past Five Years (Effective Date)
Mary T. Barra (56)	Chairman and Chief Executive Officer (2016)	Chief Executive Officer and Member of the Board of Directors (2014) Executive Vice President, Global Product Development, Purchasing & Supply Chain (2013)
Daniel Ammann (45)	President (2014)	Executive Vice President and Chief Financial Officer (2013)
Alan S. Batey (54)	Executive Vice President and President, North America (2014)	Senior Vice President, Global Chevrolet and Brand Chief and U.S. Sales and Marketing (2013)
Alicia Boler-Davis (48)	Executive Vice President, Global Manufacturing (2016)	Senior Vice President, Global Connected Customer Experience (2014) Vice President, Global Quality and U.S. Customer Experience (2012)
Carel Johannes de Nysschen (57)	Executive Vice President and President, Cadillac (2014)	Infiniti Motor Company, President (2012)
Barry L. Engle (54)	Executive Vice President and President, GM International (2018)	Executive Vice President and President, South America (2015) Agility Fuel Systems, CEO (2011)
Craig B. Glidden (60)	Executive Vice President and General Counsel (2015)	LyondellBasell, Executive Vice President and Chief Legal Officer (2009)
Mark L. Reuss (54)	Executive Vice President, Global Product Development, Purchasing & Supply Chain (2014)	Executive Vice President and President, North America (2013)
Charles K. Stevens III (58)	Executive Vice President and Chief Financial Officer (2014)	Chief Financial Officer, GM North America (2010) Interim Chief Financial Officer, GM South America (2011)
Matthew Tsien (57)	Executive Vice President and President, GM China (2014)	GM Consolidated International Operations Vice President, Planning, Program Management & Strategic Alliances China (2012)
Thomas S. Timko (49)	Vice President, Global Business Solutions and Chief Accounting Officer (2017)	Vice President, Controller and Chief Accounting Officer (2013)

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

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 2017 Form 10-K information about us can be found on our website including information on our corporate governance principles and practices. Our Investor Relations website at www.gm.com/investors contains a significant amount of information about us, including financial and other information for investors. We encourage investors to visit our website, as we frequently update and post new information about our company on our website and it is possible that this information could be deemed to be material information. Our website and information included in or linked to our website are not part of this 2017 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 have listed below (not necessarily in order of importance or probability of occurrence) the most significant risk factors applicable to us:

If we do not deliver new products, services and customer experiences in response to new participants in the automotive industry, our business could suffer. We believe that the automotive industry will experience significant and continued change in the coming years. In addition to our traditional competitors, we must also be responsive to the entrance of non-traditional participants in the automotive industry. Industry participants are seeking to disrupt the historic business model of the industry through the introduction of new technologies, new products or services, new business models or new methods of travel. It is strategically significant that we lead the technological disruption occurring in our industry. To successfully execute our long-term strategy, we must continue to develop new products and services, including products and services that are outside of our historically core business, such as autonomous and electric vehicles, data monetization and transportation as a service. The process of designing and developing new technology, products and services is complex, costly, and uncertain and requires extensive capital investment and the ability to retain and recruit talent. 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 our suppliers. There can be no assurance that advances in technology will occur in a timely or feasible way, or that others will not acquire similar or superior technologies sooner than we do or that we will acquire technologies on an exclusive basis or at a significant price advantage. If we do not accurately predict, prepare for and respond to new kinds of technological innovations, market developments and changing customer needs, our sales, profitability and long-term competitiveness may be harmed.

Our ability to maintain profitability is dependent upon our ability to timely fund and introduce new and improved vehicle models that are able to attract a sufficient number of consumers. We operate in a very competitive industry with market participants routinely introducing new and improved vehicle models designed to meet rapidly evolving consumer expectations. Producing new and improved vehicle models competitively and preserving our reputation for designing, building and selling safe high quality cars and trucks is critical to our long-term profitability. Successful launches of our new vehicles are critical to our short-term profitability.

It generally takes two years or more to design and develop a new vehicle, and a number of factors may lengthen that time period. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, technological innovations, fuel prices, general economic conditions and changes in quality, safety, reliability and styling demands and preferences, an initial product concept or design may not result in a vehicle that generates sales in sufficient quantities and at high enough prices to be profitable. Our high proportion of fixed costs, both due to our significant investment in property, plant and equipment as well as other requirements of our collective bargaining agreements, which limit our flexibility to adjust personnel costs to changes in demands for our products, may further exacerbate the risks associated with incorrectly assessing demand for our vehicles.

Our profitability is dependent upon the success of crossovers, SUVs and full-size pick-up trucks. While we offer a balanced and complete portfolio of small, mid-size and large cars, crossovers, SUVs and trucks, we generally recognize higher profit margins on our crossovers, SUVs and trucks. Our success is dependent upon our ability to sell higher margin vehicles in sufficient volumes. Any shift in consumer preferences toward smaller, more fuel efficient vehicles, whether as a result of increases in the price of oil or any sustained shortage of oil, including as a result of global political instability or other reasons, could weaken the demand for our higher margin vehicles.

We must successfully address and reduce the costs associated with the manufacture and sale of electric vehicles. We anticipate that electric vehicle sales will become increasingly important to our business. The inability to reduce the costs associated with the manufacture and sale of electric vehicles may negatively impact our earnings and financial condition. In addition, we currently benefit from certain government and economic incentives supporting the development and adoption of electric vehicles. The benefits from these incentives could be reduced, eliminated or exhausted, which may negatively affect our ability to sell electric vehicles in sufficient quantities and at high enough prices to be profitable.

Our business is highly dependent upon global automobile market sales volume, which can be volatile. Because we have a high proportion of relatively fixed structural costs, small changes in sales volume can have a disproportionately large effect on our profitability. A number of economic and market conditions drive changes in vehicle sales, including real estate values, levels of unemployment, availability of affordable financing, fluctuations in the cost of fuel, consumer confidence, political unrest and global economic conditions. For discussion of economic and market trends, see the Overview section of Item 7. We cannot predict future economic and market conditions with certainty.

Our significant business in China subjects us to unique operational, competitive and regulatory risks Maintaining a strong position in the Chinese market is a key component of our global growth strategy. Our business in China is subject to aggressive competition from many of the largest global manufacturers and numerous domestic manufacturers. As 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 challenges to gain or hold market share.

In addition to increased competition, Chinese regulators have announced aggressive policy initiatives and quotas for the sale of electric vehicles.

Certain risks and uncertainties of doing business in China are solely within the control of the Chinese government, and Chinese law regulates the scope of our foreign investments and business conducted within China. In order to maintain access to the Chinese market, we may be required to comply with significant technical and other regulatory requirements that are unique to the Chinese market, at times with challenging lead-time to implement such requirements. These actions may increase the cost of doing business in China and reduce our profitability.

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. 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 that must further take into consideration our partners' interests. In joint ventures we are required to foster our relationships with our co-owners as well as promote the overall success of the joint venture, and if a co-owner changes, relationships deteriorate or strategic objectives diverge, our success in the joint venture may be materially adversely affected. The benefits from a successful joint venture are shared among the co-owners, therefore we do not receive all the benefits from our successful joint ventures. In addition, because we share ownership and management with one or more parties, we may have limited control over the actions of a joint venture, particularly when we own a minority interest. As a result, we may be unable to prevent misconduct or other violations of applicable laws by a joint venture. Moreover, a joint venture may not follow the same requirements regarding compliance, internal controls and internal control over financial reporting that we follow. To the extent another party makes decisions that negatively impact the joint venture or internal control issues arise within the joint venture, we may have to take responsive or other action or we may be subject to penalties, fines or other related actions for these activities.

The international scale and footprint of our operations exposes us to additional risks. We manufacture, sell and service products globally and rely upon a global supply chain to deliver the raw materials, components, systems and parts that we need to manufacture our products. Our global operations subject us to extensive domestic and foreign legal and regulatory requirements, and a variety of other political, economic and regulatory risks including: changes in government leadership; changes in laws or regulations impacting our overall business model or restricting our ability to manufacture, purchase or sell products, and political pressures to change any aspect of our business model or practices and source raw materials, components, systems and parts on competitive terms in a manner consistent with our current practice; changes in tax laws; economic tensions between governments and changes in international trade policies, including restrictions on the repatriation of dividends, especially between the U.S. and China, more detailed inspections, new or higher tariffs, for example, on products imported from Mexico into the U.S.; new barriers to entry or domestic preference procurement requirements, changes to or withdrawals from free trade agreements (for example, the North American Free Trade Agreement or NAFTA), or preferences of foreign nationals for domestically manufactured products; changes in foreign currency exchange rates and interest rates; economic downturns in foreign countries or geographic regions where we have significant operations, significant changes in conditions in the countries in which we operate with the effect of competition from new market entrants; 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; and difficulties in obtaining financing in foreign countries for local operations.

Any significant disruption at one of our manufacturing facilities could disrupt our production schedule. We assemble vehicles at various facilities around the world. These facilities are typically designed to produce particular models for particular geographic markets. No single facility is designed to manufacture our full range of vehicles. In some cases certain facilities produce products, systems, components and parts that disproportionately contribute a greater degree to our profitability than others. Should these or other facilities become unavailable either temporarily or permanently for any number of reasons, including labor disruptions, the inability to manufacture there may result in harm to our reputation, increased costs, lower revenues and the loss of customers. We may not be able to easily shift production to other facilities or to make up for lost production. Any new facility needed to replace an inoperable manufacturing facility would need to comply with the necessary regulatory requirements, need to satisfy our specialized manufacturing requirements and require specialized equipment. Even though we carry business interruption insurance policies, we may suffer losses as a result of business interruptions that exceed the coverage available or any losses which may be excluded under our insurance policies.

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 that ultimately derive from a single source and may be at an increased risk for supply disruptions. Disputes, financial difficulties or solvency problems with our suppliers, including Takata Corporation (Takata), which may be exacerbated by the cost of remediating quality issues with these items, could lead to uncertainty in our supply chain or cause supply disruptions for us which could, in turn, disrupt our operations, including production of certain of our higher margin vehicles. 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.

High prices of raw materials used by us and our suppliers could negatively impact our profitability. Increases in prices for raw materials that we and our suppliers use in manufacturing products, systems, components and parts such as steel, precious metals, non-ferrous metals, including aluminum, copper and plastic parts may lead to higher production costs for parts and components. This could, in turn, negatively impact our future profitability because we may not be able to pass all of those costs on to our customers or require our suppliers to absorb such costs.

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 far 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. Many of our competitors have responded to these relatively high fixed costs by providing subsidized financing or leasing programs, offering marketing incentives or reducing vehicle prices. As a result, we are not necessarily able to set our prices to offset higher costs of marketing incentives, commodity or other cost increases, or the impact of adverse currency fluctuations. Our competitors may also seek to benefit from economies of scale by consolidating or entering into other strategic agreements such as alliances intended to enhance their competitiveness.

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

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

Security breaches and other disruptions to information technology systems and networked products, including connected vehicles, owned or maintained by us, GM Financial, or third-party vendors or suppliers on our behalf, could interfere with our operations and could compromise the confidentiality of private customer data or our proprietary information. We rely upon information technology systems and manufacture networked products, some of which are managed by third-parties, to process, transmit and store electronic information, and to manage or support a variety of our business processes, activities and products. Additionally we and GM Financial collect and store sensitive data, including intellectual property, proprietary business information, proprietary 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 systems and products, and the processing and maintenance of the information processed by these systems and products, is critical to our business operations and strategy. Despite security measures and business continuity plans, these systems and products may be vulnerable to damage, disruptions or shutdowns caused by attacks by hackers, computer viruses, or breaches due to errors or malfeasance by employees, contractors and others who have access to these systems and products. The occurrence of any of these events could compromise the operational integrity of these systems and products. Similarly, such an occurrence could result in the compromise or loss of the information processed by these systems and products. Such events could result in, among other things, the loss of proprietary data, interruptions or delays in our business operations and damage to our reputation. In addition, such events could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information; disrupt operations; or reduce the competitive advantage we hope to derive from our investment in advanced technologies. We have experienced such events in the past and, although past events were immaterial, future events may occur and may be material.

Portions of our information technology systems also may experience interruptions, delays or cessations of service or produce errors due to regular maintenance efforts, such as systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource intensive. Such disruptions could adversely impact our ability to design, manufacture and sell products and services, and interrupt other business processes.

Security breaches and other disruptions of our in-vehicle systems could impact the safety of our customers and reduce confidence in GM and our products. Our vehicles contain complex information technology systems. These systems control various vehicle functions including engine, transmission, safety, steering, navigation, acceleration, braking, window and door lock functions. We have designed, implemented and tested security measures intended to prevent unauthorized access to these systems. However, hackers have reportedly attempted, and may attempt in the future, to gain unauthorized access to modify, alter and use such systems to gain control of, or to change, our vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. Any unauthorized access to or control of our vehicles or their systems or any loss of data could impact the safety of our customers or result in legal claims or proceedings, liability or regulatory penalties. In addition, regardless of their veracity, reports of unauthorized access to our vehicles, their systems or data could negatively affect our brand and harm our business, prospects, financial condition and operating results.

Our products are subject to extensive laws, governmental regulations and policies, that can significantly increase our costs and affect how we do business. We are significantly affected by governmental regulations that can increase costs related to the production of our vehicles and affect our product portfolio. Meeting or exceeding many of these regulations is costly and often technologically challenging with respect to mandated emissions and fuel economy standards, especially where standards may not be harmonized across jurisdictions. We anticipate that the number and extent of these regulations, and the related costs and changes to our product portfolio, may increase significantly in the future. These government regulatory requirements could significantly affect our plans for global product development and given the uncertainty surrounding enforcement and regulatory definitions, may result in substantial costs, including civil or criminal penalties. In addition, an evolving but un-harmonized regulatory framework may limit or dictate the types of vehicles we sell and where we sell them, which can affect revenue. Refer to the "Environmental and Regulatory Matters" section of Item 1. Business for further information on these regulatory requirements. We also expect that manufacturers will continue to be subject to increased scrutiny from regulators globally.

We expect that to comply with fuel economy and emission control requirements we will be required to sell a significant volume of electric vehicles, as well as develop and implement new technologies for conventional internal combustion engines, all at increased cost levels. There are limits on our ability to achieve fuel economy improvements over a given time frame, however. There is no assurance that we will be able to produce and sell vehicles that use such new technologies on a profitable basis or that our customers will purchase such vehicles in the quantities necessary for us to comply with these regulatory programs.

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

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

We could be materially adversely affected by unusual or significant litigation, governmental investigations or other proceedings. We are subject to legal proceedings involving various issues, including product liability lawsuits, stockholder litigation and proceedings related to the Ignition Switch Recall. In addition, we are subject to governmental proceedings and investigations. A negative outcome in one or more of these legal proceedings could result in the imposition of damages, including punitive damages, substantial fines, significant reputational harm, civil lawsuits and criminal penalties, interruptions of business, modification of business practices, equitable remedies and other sanctions against us or our personnel as well as significant legal and other costs. In addition, we may become obligated to issue up to 30 million shares of our common stock (subject to adjustment to take into account stock dividends, stock splits and other transactions) to the Motors Liquidation Company GUC Trust (GUC Trust) under a provision of the Amended and Restated Master Sale and Purchase Agreement between us and General Motors Corporation and certain of its subsidiaries in the event that allowed general unsecured claims against the GUC Trust, as estimated by the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court), exceed $35.0 billion. At December 31, 2017, the Bankruptcy Court estimated that allowed general unsecured claims were approximately $31.9 billion.

If, in the discretion of the U.S. Attorney’s Office for the Southern District of New York (the U.S. Attorney's Office), we do not comply with the terms of the Deferred Prosecution Agreement (the DPA), the U.S. Attorney's Office may prosecute us for charges alleged by the U.S. Attorney's Office including those relating to faulty ignition switches. On September 17, 2015 we announced that we entered into the DPA with the U.S. Attorney's Office regarding its investigation of the events leading up to certain recalls announced in February and March of 2014 relating to faulty ignition switches. Under the DPA, we consented to, among other things, the filing of a two-count information (the Information) in the U.S. District Court for the Southern District of New York (the Southern District) charging GM with a scheme to conceal material facts from a government regulator and wire fraud. We pled not guilty to the charges alleged in the Information. The DPA further provides that, in the event the U.S. Attorney's Office determines during the period of deferral of prosecution (or any extensions thereof) that we have violated any provision of the DPA, including violating any U.S. federal law or our obligation to cooperate with and assist the independent monitor (the Monitor), the U.S. Attorney's Office may, in its discretion, either prosecute us on the charges alleged in the Information or impose an extension of the period of deferral of prosecution of up to one additional year. Under such circumstance, the U.S. Attorney's Office would be permitted to rely upon the admissions we made in the DPA and would benefit from our waiver of certain procedural and evidentiary defenses. Such a criminal prosecution could subject us to penalties.

The costs and effect on our reputation of product safety recalls and alleged defects in products and services could materially adversely affect our business. Government safety standards require manufacturers to remedy certain product safety defects through recall campaigns. Under these standards, we could be subject to civil or criminal penalties or may incur various costs, including significant costs for free repairs. At present, the costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. The costs to complete a recall or customer satisfaction action could be exacerbated to the extent that such action relates to a global platform. Concerns about the safety of our products, including advanced technologies like autonomous, whether raised internally or by regulators or consumer advocates, and whether or not based on scientific evidence, can result in product delays, recalls, lost sales, governmental investigations, regulatory action, private claims, lawsuits and settlements, and reputational damage. These circumstances can also result in damage to brand image, brand equity and consumer trust in the Company’s products and ability to lead the disruption occurring in the automotive industry.

We currently source a variety of systems, components, raw materials and parts, including but not limited to air bag inflators, from third parties. From time to time these items may have performance, quality or reputational issues that could harm our reputation and cause us to incur significant costs. For example, we are currently conducting recalls for certain Takata air bag inflators used in some of our prior model year vehicles. Further recalls, if any, that may be required to remediate Takata air bag inflators in our vehicles could have a material impact on our business.
For a further discussion of these matters refer to Note 17 to our consolidated financial statements.
We may continue to restructure or divest our operations in various countries, but we may not succeed in doing so. In 2017, we announced significant restructuring and cost reduction actions to lower our operating costs in response to difficult market and operating conditions in various parts of the world. As we continue to assess our performance throughout our regions, we may take additional restructuring actions to rationalize our operations, which may result in impairments and reduce our profitability in the periods incurred. In addition, we may not realize anticipated savings or benefits from past or future cost reduction actions in full or in part or within the time periods we expect. We are also subject to the risks of labor unrest, negative publicity and business disruption in connection with our cost reduction actions. Failure to realize anticipated savings or benefits from our cost reduction actions could have a material adverse effect on our business, prospects, financial condition, liquidity, results of operations and cash flows.
Our future competitiveness and ability to achieve long-term profitability depends on our ability to control our costs, which requires us to successfully implement operating effectiveness initiatives throughout our operations. We are continuing to implement a number of operating effectiveness initiatives to improve productivity and reduce costs. Our future competitiveness depends upon our continued success in implementing these initiatives throughout our 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 and other expenses necessary to improve the performance, safety and customer satisfaction of our vehicles and to continue to innovate our technology, product and service offerings to meet changing customer needs and market developments are likely to increase.
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 retail consumers and commercial lending to our dealers to support additional sales of our vehicles. We rely on GM Financial in North America, 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 in GM Financial's ability to provide such financial services would negatively affect our efforts to support additional sales of our vehicles and expand our market penetration among consumers and dealers.
As an entity operating in the financial services sector, GM Financial is required to comply with a wide variety of laws and regulations that may be costly to adhere to and may affect our consolidated operating results. Compliance with these laws and regulations requires that GM Financial maintain forms, processes, procedures, controls and the infrastructure to support these requirements and these laws and regulations often create operational constraints both on GM Financial’s ability to implement servicing procedures and on pricing. Laws in the financial services industry are designed primarily for the protection of consumers. The failure to comply with these laws could result in significant statutory civil and criminal penalties, monetary damages, attorneys’ fees and costs, possible revocation of licenses and damage to reputation, brand and valued customer relationships.
The primary factors that could adversely affect GM Financial's business and operations and reduce its ability to provide financing services at competitive rates include the availability of borrowings under its credit facilities to fund its retail and commercial 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 to customers; fluctuations in interest rates and currencies; and changes to regulation, supervision and licensing across various jurisdictions, including new regulations or sanctions imposed in the U.S. by the Department of Justice, SEC and Consumer Financial Protection Bureau.

Our defined benefit pension plans are currently underfunded and our pension funding requirements could increase significantly due to a reduction in funded status as a result of a variety of factors, including weak performance of financial markets, declining interest rates, changes in laws or regulations, changes in assumptions or investments that do not achieve adequate returns. Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies and our potential funding requirements are disclosed in Note 16 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments.

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

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

Factors 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.

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Item 1B. Unresolved Staff Comments

None

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Item 2. Properties

At December 31, 2017 we had over 100 locations in the U.S. (excluding our automotive financing operations and dealerships) which are primarily for manufacturing, assembly, distribution, warehousing, engineering and testing. We, our subsidiaries or associated companies in which we own an equity interest own most of these properties and/or lease a portion of these properties. Leased properties are primarily composed of warehouses and administration, engineering and sales offices.

We have manufacturing, assembly, distribution, office or warehousing operations in 35 countries, including equity interests in associated companies which perform manufacturing, assembly or distribution operations. The major facilities outside the U.S., which are principally vehicle manufacturing and assembly operations, are located in Argentina, Brazil, Canada, China, Colombia, Ecuador, Mexico, South Korea, Thailand and Vietnam.

GM Financial owns or leases facilities for administration and regional credit centers. GM Financial has 39 facilities, of which 27 are located in the U.S. The major facilities outside the U.S. are located in Brazil, Canada, China and Mexico.

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Item 3. Legal Proceedings

Refer to the discussion in the Litigation-Related Liability and Tax Administrative Matters section in 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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PART II

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

Market Information Shares of our common stock are publicly traded on the New York Stock Exchange. 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:

	Years Ended December 31,			
	2017		2016	
	High	Low	High	Low
First quarter	$38.55	$33.79	$33.54	$26.69
Second quarter	$35.40	$31.92	$33.41	$27.34
Third quarter	$40.69	$34.45	$32.87	$27.52
Fourth quarter	$46.76	$40.70	$37.74	$30.21

Holders At January 30, 2018 we had 1.4 billion issued and outstanding shares of common stock held by 511 holders of record.

Dividends Our Board of Directors began declaring quarterly dividends on our common stock in the three months ended March 31, 2014. It is anticipated that dividends on our common stock will continue to be declared and paid quarterly. However the declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Any dividend will be paid out of funds legally available for that purpose. Our payment of dividends in the future, as described further in "Liquidity and Capital Resources" in MD&A, will depend on business conditions, our financial condition, earnings, liquidity and capital requirements and other factors. Refer to Item 6. Selected Financial Data for cash dividends declared on our common stock for the years ended December 31, 2017, 2016 and 2015.

Purchases of Equity Securities The following table summarizes our purchases of common stock in the three months ended December 31, 2017:

	Total Number of Shares Purchased(a)	Weighted Average Price Paid per Share	Total Number of Shares Purchased Under Announced Programs(b)	Approximate Dollar Value of Shares That May Yet be Purchased Under Announced Programs
October 1, 2017 through October 31, 2017	16,530,750	$ 44.72	16,381,375	$4.3 billion
November 1, 2017 through November 30, 2017	18,779,333	$ 43.53	16,141,363	$3.6 billion
December 1, 2017 through December 31, 2017	1,631,403	$ 42.97	1,550,706	$3.5 billion
Total	36,941,486	$ 44.04	34,073,444	

(a)

Shares purchased include authorized shares that were a part of our stock repurchase plan. In addition, shares purchased consist of shares retained by us for the payment of the exercise price upon the exercise of warrants and shares delivered by employees or directors to us for the payment of taxes resulting from issuance of common stock upon the vesting of Restricted Stock Units (RSUs), Performance Stock Units (PSUs) and Restricted Stock Awards (RSAs) relating to compensation plans. In June 2017 our shareholders approved the 2017 Long Term Incentive Plan which authorizes awards of stock options, stock appreciation rights, RSAs, RSUs, PSUs or other stock-based awards to selected employees, consultants, advisors, and non-employee Directors of the Company. Refer to Note 22 to our consolidated financial statements for additional details on employee stock incentive plans and Note 20 to our consolidated financial statements for additional details on warrants outstanding.

(b) In January 2017 we announced that our Board of Directors had authorized the purchase of up to an additional $5 billion of our common stock with no expiration date.

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Item 6. Selected Financial Data

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GENERAL MOTORS COMPANY AND SUBSIDIARIES

	At and for the Years Ended December 31,				
	2017	2016	2015	2014	2013
Income Statement Data:					
Total net sales and revenue	$145,588	$149,184	$135,725	$137,958	$138,792
Income from continuing operations(a)(b)	$330	$9,269	$9,590	$4,525	$5,960
Basic earnings per common share – continuing operations(a)(b)	$0.23	$6.12	$6.09	$2.06	$3.16
Diluted earnings per common share – continuing operations(a)(b)	$0.22	$6.00	$5.89	$1.95	$2.76
Dividends declared per common share	$1.52	$1.52	$1.38	$1.20	$—
Balance Sheet Data:					
Total assets(c)	$212,482	$221,690	$194,338	$177,311	$166,231
Automotive notes and loans payable	$13,502	$10,560	$8,535	$9,084	$6,815
GM Financial notes and loans payable	$80,717	$64,563	$45,479	$29,304	$22,174
Total equity	$36,200	$44,075	$40,323	$36,024	$43,174

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(a) In the year ended December 31, 2017 we recorded tax expense of $7.3 billion related to U.S. tax reform legislation, $2.3 billion related to the establishment of a valuation allowance against deferred tax assets that will no longer be realizable as a result of the sale of the Opel/Vauxhall Business, and charges of $460 million related to restructuring actions in India and South Africa. In the year ended December 31, 2015 we recorded the reversal of deferred tax asset valuation allowances of $3.9 billion in Europe and recorded charges related to the Ignition Switch Recall Compensation Program (Compensation Program) and for various legal matters of approximately $1.6 billion. In the year ended December 31, 2014 we recorded charges of approximately $2.8 billion in Automotive cost of sales related to recall campaigns and courtesy transportation, a catch-up adjustment of $0.9 billion related to the change in estimate for recall campaigns and a charge of $0.4 billion related to the Compensation Program.

(b) In December 2014 we redeemed all of the remaining shares of our Series A Preferred Stock for $3.9 billion, which reduced Income from continuing operations 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 Income from continuing operations by $0.8 billion.

(c) Total assets includes assets held for sale of $20.6 billion, $20.0 billion, $17.8 billion, and $16.1 billion at December 31, 2016 through 2013, respectively.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying audited consolidated financial statements and notes. Forward-looking statements in this MD&A are not guarantees of future performance and may involve risks and uncertainties that could cause actual results to differ materially from those projected. Refer to the "Forward-Looking Statements" section of this MD&A and Item 1A. "Risk Factors" for a discussion of these risks and uncertainties.

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Non-GAAP Measures Unless otherwise indicated, our non-GAAP measures discussed in this MD&A are related to our continuing operations and not our discontinued operations or our assets and liabilities held for sale. Our non-GAAP measures include earnings before interest and taxes (EBIT)-adjusted, presented net of noncontrolling interests, earnings per share (EPS)-diluted-adjusted, effective tax rate-adjusted (ETR-adjusted), return on invested capital-adjusted (ROIC-adjusted) and adjusted automotive free cash flow. Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered superior to, in isolation from, or as a substitute for, related U.S. GAAP measures.

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

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

Core EBIT-adjusted Beginning in 2018, we intend to report a Core EBIT-adjusted metric. Core EBIT-adjusted will be used by management and can be used by investors to review our core consolidated operating results. Core EBIT-adjusted begins with EBIT-adjusted and excludes the EBIT-adjusted results of our autonomous vehicle operations, including Cruise Automation Inc. (Cruise), Maven and our investment in Lyft.

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

ETR-adjusted ETR-adjusted is used by management and can be used by investors to review the consolidated effective tax rate for our core operations on a consistent basis. ETR-adjusted is calculated as Income tax expense less the income tax related to the adjustments noted above for EBIT-adjusted and the income tax adjustments noted above for EPS-diluted-adjusted divided by Income before income taxes less adjustments.

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

Adjusted automotive free cash flow Adjusted automotive free cash flow is used by management and can be used by investors to review the liquidity of our automotive operations and to measure and monitor our performance against our capital allocation program and evaluate our automotive liquidity against the substantial cash requirements of our automotive operations. We measure adjusted automotive free cash flow as automotive operating cash flow from continuing operations less capital expenditures adjusted for management actions, primarily related to strengthening our balance sheet, such as prepayments of debt and discretionary

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contributions to employee benefit plans. Refer to the "Liquidity and Capital Resources" section of this MD&A for our reconciliation of Net automotive cash provided by operating activities under U.S. GAAP to this non-GAAP measure.

Core adjusted automotive free cash flow Beginning in 2018, we intend to report a Core adjusted automotive free cash flow metric. Core adjusted automotive free cash flow will be used by management and can be used by investors to review the liquidity of our automotive operations and to measure and monitor our performance against our capital allocation program and evaluate our automotive liquidity against the substantial cash requirements of our automotive operations. Core adjusted automotive free cash flow begins with adjusted automotive free cash flow and excludes the cash flows of our autonomous vehicle operations, including Cruise, Maven and our investment in Lyft.

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

	Years Ended December 31,		
	2017	2016	2015
Net income (loss) attributable to stockholders	$(3,864)	$9,427	$9,687
(Income) loss from discontinued operations, net of tax	4,212	1	(25)
Income tax expense (benefit)	11,533	2,739	(1,219)
Gain on extinguishment of debt	—	—	(449)
Automotive interest expense	575	563	423
Automotive interest income	(266)	(182)	(167)
Adjustments			
GMI restructuring(a)	460	—	297
Venezuela-related matters(b)	80	—	720
Ignition switch recall and related legal matters(c)	114	300	1,785
Russia exit costs(d)	—	—	438
Other	—	—	(41)
Total adjustments	654	300	3,199
EBIT-adjusted	$12,844	$12,848	$11,449

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(a) This adjustment was excluded because of a strategic decision to rationalize our core operations by exiting or significantly reducing our presence in various international markets to focus resources on opportunities expected to deliver higher returns. The adjustment primarily consists of asset impairments, sales incentives, inventory provisions, dealer restructuring, employee separations and other contract cancellation costs in India, South Africa, and Thailand.

(b) In the year ended December 31, 2017 this adjustment was excluded because we ceased operations and terminated employment relationships in Venezuela. In the year ended December 31, 2015 this adjustment was excluded because of the devaluation of the Venezuela Bolivar Fuerte (BsF) and our inability to transact to obtain U.S. Dollars.

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

(d) These adjustments were excluded because of our decision to exit the Russia market in 2015. The Russia exit costs primarily consisted of sales incentives, dealer restructuring and other contract cancellation costs and asset impairments.

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

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	Years Ended December 31,					
	2017		2016		2015	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Diluted earnings (loss) per common share	$(3,880)	$(2.60)	$9,427	$6.00	$9,686	$5.91
Diluted (earnings) loss per common share – discontinued operations	4,212	2.82	1	—	(25)	(0.02)
Adjustments						
Gain on extinguishment of debt	—	—	—	—	(449)	(0.27)
All other adjustments(a)	654	0.44	300	0.19	3,199	1.95
Total adjustments	654	0.44	300	0.19	2,750	1.68
Tax effect on adjustments(b)	(208)	(0.14)	(114)	(0.07)	(201)	(0.13)
Tax adjustments(c)	9,099	6.10	—	—	(4,001)	(2.44)
EPS-diluted-adjusted	$9,877	$6.62	$9,614	$6.12	$8,209	$5.00

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

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

(c) In the year ended December 31, 2017 these adjustments consist of the tax expense of $7.3 billion related to U.S. tax reform legislation and the establishment of a valuation allowance against deferred tax assets of $2.3 billion that will no longer be realizable as a result of the sale of the Opel/Vauxhall Business, partially offset by tax benefits related to tax settlements. In the year ended December 31, 2015 these adjustments primarily consist of the tax benefit related to the valuation allowance reversal in Europe. These adjustments were excluded because impacts of tax legislation and valuation allowances are not considered part of our core operations.

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

	Years Ended December 31,								
	2017			2016			2015		
	Income before income taxes	Income tax expense	Effective tax rate	Income before income taxes	Income tax expense	Effective tax rate	Income before income taxes	Income tax expense (benefit)	Effective tax rate
Effective tax rate	$11,863	$11,533	97.2 %	$12,008	$2,739	22.8 %	$8,371	$(1,219)	(14.6)%
Adjustments(a)	654	208		300	114		2,750	201	
Tax adjustments(b)		(9,099)			—			4,001	
ETR-adjusted	$12,517	$2,642	21.1 %	$12,308	$2,853	23.2 %	$11,121	$2,983	26.8 %

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

(b) Refer to the reconciliation of diluted earnings (loss) per common share under U.S. GAAP to EPS-diluted-adjusted within this section of MD&A for adjustment details.

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

Years Ended December 31,

	2017	2016	2015
Net income (loss) attributable to stockholders	$(3.9)	$9.4	$9.7
Average equity	$42.2	$43.6	$37.0
ROE	(9.2)%	21.6 %	26.2 %

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

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	Years Ended December 31,		
	2017	2016	2015
EBIT-adjusted(a)	$12.8	$12.8	$11.4
Average equity	$42.2	$43.6	$37.0
Add: Average automotive debt and interest liabilities (excluding capital leases)	11.6	9.9	8.0
Add: Average automotive net pension & OPEB liability	21.0	22.0	25.8
Less: Average automotive net income tax asset	(29.3)	(32.8)	(33.0)
ROIC-adjusted average net assets	$45.5	$42.7	$37.8
ROIC-adjusted	28.2 %	30.1 %	30.3 %

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

Overview Our management team has adopted a strategic plan to transform GM into the world's most valued automotive company. Our plan includes several major initiatives that we anticipate will redefine the future of personal mobility through our zero crashes, zero emissions, zero congestion vision while also strengthening the core of our business: earning customers for life by delivering winning vehicles, leading the industry in quality and safety and improving the customer ownership experience; leading in technology and innovation, including electrification, autonomous, data monetization and connectivity; growing our brands; making tough, strategic decisions about which markets and products in which we will invest and compete; building profitable adjacent businesses and targeting 10% core margins on an EBIT-adjusted basis.

In addition to our EBIT-adjusted margin improvement goal, our overall financial targets include total annual operational and functional cost savings of $6.5 billion through 2018 compared to 2014 costs, of which approximately $5.5 billion has been realized as of December 31, 2017, and which will more than offset our planned incremental investments in brand building, engineering and technology as we launch new products; and execution of our capital allocation program as described in the "Liquidity and Capital Resources" section of this MD&A.

For the year ending December 31, 2018 we expect EPS-diluted and EPS-diluted-adjusted to be in the mid-six dollar range. We do not consider the potential future impact of adjustments on our expected financial results. We expect core EBIT-adjusted and core adjusted automotive free cash flow to be in line with 2017. Core consists of all operations excluding our autonomous vehicle operations, including Cruise, Maven car sharing entities, and our investment in Lyft.

We face continuing challenges from a market, operating and regulatory standpoint in a number of countries across the globe due to, among other factors, weak economic conditions, competitive pressures, our product portfolio offerings, emissions standards, foreign exchange volatility and political uncertainty. As a result of these conditions, we continue to strategically assess our performance and ability to achieve acceptable returns on our invested capital. Refer to Item1A. Risk Factors for a discussion of these challenges. As we continue to assess our performance, additional restructuring and rationalization actions may be required or determination may be made that the carrying amount of our long-lived assets may not be recoverable in certain of these countries. Such a determination may give rise to future asset impairments or other charges which may have a material impact on our results of operations.

GMNA In the year ended December 31, 2017 industry sales in North America were 21.5 million units representing a decrease of 1.5% compared to the corresponding period in 2016. U.S. industry sales were 17.6 million units in the year ended December 31, 2017.

In the year ended December 31, 2017 our vehicle sales in the U.S., our largest market in North America, totaled 3.0 million units for market share of 17.1%, representing an increase of 0.1 percentage points compared to the corresponding period in 2016. We continue to lead the U.S. industry in market share.

We achieved EBIT-adjusted margins of 10.7% on continued strength of U.S. industry light vehicle sales, key product launches and continued focus on overall cost savings. Based on our current cost structure, we estimate GMNA’s breakeven point at the U.S. industry level to be in the range of 10.0 to 11.0 million units. We expect to sustain an EBIT-adjusted margin of 10% in 2018 on continued strength of U.S. industry light vehicle sales, favorable mix of full-size trucks and crossovers relative to passenger cars, key product launches and continued focus on overall cost savings.

GMI In the year ended December 31, 2017 China industry sales were 28.3 million units and our market share was 14.3%. We continue to see strength in sales of our Cadillac and Baojun passenger vehicles and SUVs, as well as positive momentum in Chevrolet sales driven by new product launches. Wuling sales were impacted by the market shift away from mini commercial vehicles. In the year ended December 31, 2017 our Automotive China JVs generated equity income of $2.0 billion. We expect low industry growth in 2018 and continuation of pricing pressures, which will continue to pressure margins. We continue to expect equal to increased vehicle sales in 2018 driven by new launches and expect to sustain strong China equity income by focusing on improvements in vehicle mix, cost efficiencies, and downstream performance optimization.

Many markets across the region continue to improve led by increases in Argentina and Brazil leading to industry sales of 25.2 million units, representing an increase of 4.0% in the year ended December 31, 2017 compared to the corresponding period in 2016. In the year ended December 31, 2017 our retail sales totaled 1.3 million units leading to a market share of 5.1%, representing a decrease of 0.3 percentage points compared to the corresponding period in 2016.

In May 2017 we announced several restructuring actions in GMI which were primarily related to the withdrawal of Chevrolet from the Indian and South African markets at the end of 2017 and the transition of our South African manufacturing operations to Isuzu Motors. These actions occurred as a result of a strategic decision to focus resources on opportunities expected to deliver higher returns. Refer to Note 19 to our consolidated financial statements for additional information related to these restructuring actions. In May 2017 we deconsolidated our business in Venezuela which resulted in a charge of $0.1 billion during the year ended December 31, 2017.

GM Korea Company (GM Korea) entered into a collectively bargained wage agreement which was ratified by its union in January 2018. The impact of the agreement was not material to our consolidated financial statements.

We have had recent discussions with key stakeholders in GM Korea, including its minority owners and union, regarding the need to improve GM Korea's financial and operational performance. As we strategically assess our performance and the manner in which we operate in Korea and certain other countries, additional restructuring and rationalization actions may be required and may have a material impact on our results of operations.

Corporate Beginning in 2012 through January 30, 2018, we purchased an aggregate of 504 million shares of our outstanding common stock for $16.2 billion.

The Ignition Switch Recall has led to various inquiries, investigations, subpoenas, requests for information and complaints from agencies or other representatives of U.S., federal, state and Canadian governments. In addition these and other recalls have resulted in a number of claims and lawsuits. Such lawsuits and investigations could in the future result in the imposition of material damages, fines, civil consent orders, civil and criminal penalties or other remedies. Refer to Note 17 to our consolidated financial statements for additional information.

Takata Matters In May 2016 NHTSA issued an amended consent order requiring Takata to file defect information reports (DIRs) for previously unrecalled front airbag inflators that contain phased-stabilized ammonium nitrate-based propellant without a moisture absorbing desiccant on a multi-year, risk-based schedule through 2019 impacting tens of millions of vehicles produced by numerous automotive manufacturers. NHTSA concluded that the likely root cause of the rupturing of the airbag inflators is a function of time, temperature cycling and environmental moisture.

Although we do not believe there is a safety defect at this time in any unrecalled GM vehicles within scope of the Takata DIRs, in cooperation with NHTSA we filed Preliminary DIRs on May 27, 2016, updated as of June 13, 2016, covering 2.5 million of certain of our GMT900 vehicles, which are full-size pick-up trucks and SUVs. On November 15, 2016, we filed a petition for inconsequentiality and request for deferral of determination regarding those GMT900 vehicles. On November 28, 2016, NHTSA granted GM's deferral request in connection with this petition. The deferral provides GM until August 31, 2017 to present evidence and analysis that our vehicles do not pose an unreasonable risk to motor vehicle safety.

We filed a second set of Preliminary DIRs for certain GMT900 vehicles on January 10, 2017. These January 2017 DIRs are consistent with GM's May 2016 DIRs. On the same day, we also filed a second petition for inconsequentiality and deferral of decision with respect to the vehicles subject to our January 2017 DIRs. On January 18, 2017, NHTSA consolidated our first and second petitions for inconsequentiality and will rule on both at the same time.

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On August 25, 2017, we filed a supplemental brief in support of our petitions that provided NHTSA with the results of our long-term study and testing and the basis for our determination that the inflators in these vehicles do not present an unreasonable risk to safety and that no repair should ultimately be required. In our brief, we requested that NHTSA grant our petitions or, in the alternative, grant an additional deferral period to provide time for further testing.

We filed a third set of Preliminary DIRs for certain GMT900 vehicles on January 9, 2018. These January 2018 DIRs are consistent with GM's May 2016 DIRs and January 2017 DIRs. On the same day, we also filed a third petition for inconsequentiality with respect to the vehicles subject to our January 2018 DIRs.

We believe these vehicles are currently performing as designed and ongoing testing continues to support the belief that the vehicles' unique design and integration mitigates against inflator propellant degradation and rupture risk. For example, the airbag inflators used in the vehicles are a variant engineered specifically for our vehicles, and include features such as greater venting, unique propellant wafer configurations, and machined steel end caps. The inflators are packaged in the instrument panel in such a way as to minimize exposure to moisture from the climate control system. Also, these vehicles have features that minimize the maximum temperature to which the inflator will be exposed, such as larger interior volumes and standard solar absorbing windshields and side glass.

Accordingly, no warranty provision has been made for any repair associated with our vehicles subject to the Preliminary DIRs and amended consent order. However, in the event we are ultimately obligated to repair the vehicles subject to current or future Takata DIRs under the amended consent order in the U.S., we estimate a reasonably possible impact to GM of approximately $1.0 billion.

GM is engaged in discussions with regulators outside the U.S. with respect to Takata inflators. There are differences in vehicle and inflator design between the relevant vehicles sold internationally and those sold in the U.S. We continue to gather and analyze evidence about these inflators and to share our findings with regulators. We were required to recall certain vehicles sold outside of the U.S. in the three months ended September 30, 2017 to replace Takata inflators in these vehicles. Additional recalls, if any, could be material to our results of operations and cash flows. We continue to monitor the international situation.

On June 26, 2017, Takata filed for bankruptcy protection in the United States and Japan. Over the past several months, a group of global automakers, including GM, have had discussions with Takata and Key Safety Systems, Inc. regarding a potential transaction involving the sale of Takata's business. GM has not experienced any supply interruptions arising from Takata initiating formal insolvency proceedings and anticipates that Takata will continue an uninterrupted supply of component parts to GM during the insolvency proceedings. GM continues to monitor Takata’s financial and operational performance and to develop alternative and contingent supplies to attempt to mitigate prospective threats to the supply of components.

PSA Group Transaction On July 31, 2017 we closed the sale of our Opel/Vauxhall Business to PSA Group and on October 31, 2017 we closed the sale of the Fincos to Banque PSA Finance S.A. and BNP Paribas Personal Finance S.A.

The net consideration paid at closing for the European Business was $2.5 billion, consisting of (1) $2.2 billion in cash; and (2) $0.8 billion in warrants in PSA Group; partially offset by (3) the $0.5 billion de-risking premium payment made to PSA Group for assuming certain underfunded pension liabilities. In addition, we agreed to sell the shares of PSA Group received upon exercise of the warrants within 35 days after exercise. The purchase price is subject to certain working capital adjustments as provided in the Master Agreement (the Agreement).

The total charge from the sale of the European Business was $6.2 billion, net of tax, of which $3.9 billion is recorded in Income (loss) from discontinued operations, net of tax, and $2.3 billion was treated as an adjustment to both EPS-diluted-adjusted and ETR-adjusted. The charge relates to: (1) $4.3 billion of deferred tax assets that will no longer be realizable or that transferred to PSA Group; (2) $1.5 billion related to previously deferred pension losses and payment of the de-risking premium to PSA Group for its assumption of certain underfunded pension liabilities; (3) a pre-tax disposal loss of $0.5 billion as a result of the sale of the Fincos, which includes the recognition of $0.2 billion of foreign currency translation losses; (4) a pre-tax charge of $0.4 billion for the cancellation of production programs resulting from the convergence of vehicle platforms between the European Business and PSA Group; and (5) other costs to support the separation of operations to be provided for a period of time following closing; partially offset by proceeds.

Our wholly owned subsidiary (the Seller) has agreed to indemnify PSA Group for certain losses resulting from any inaccuracy of the representations and warranties or breaches of our covenants included in the Agreement and for certain other liabilities, including emissions and product liabilities. The Company has entered into a guarantee for the benefit of PSA Group and pursuant

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to which the Company has agreed to guarantee the Seller's obligation to indemnify PSA Group. Certain of these indemnification obligations are subject to time limitations, thresholds and/or caps as to the amount of required payments. We are currently unable to estimate any reasonably possible overall amounts or range of loss that may result from claims made under these indemnities, if any.

PSA Group has provided a number of working capital and other adjustments under the Agreement and other ancillary agreements, many of which are customary in these types of transactions. We currently believe that post-closing adjustments under the Agreement, if any, would not have a material impact on our results of operations.

We retained net underfunded pension liabilities of $6.8 billion owed primarily to current pensioners and former employees of the European Business with vested pension rights. PSA Group assumed, pursuant to the Agreement, approximately $3.1 billion of net underfunded pension liabilities primarily with respect to active employees of the Opel/Vauxhall Business, and during the three months ended September 30, 2017 the Seller made payments of $3.4 billion in respect of these assumed liabilities, which includes pension funding payments for active employees and the de-risking premium payment discussed above. At closing we drew upon our three-year unsecured revolving credit facility to fund these payments. We issued debt securities thereafter to repay the draw on our credit facility. As part of the retained pension liabilities described above, we retained the U.K. defined benefit pension plans in existence at signing related to the Opel/Vauxhall Business, including responsibility for service cost accruals through the closing date.

We have agreed to purchase from and supply to PSA Group certain vehicles for a period of time following closing and not to engage in certain competing businesses in Europe for a period of three years.

Refer to Note 3 to our consolidated financial statements for additional information.

Contingently Issuable Shares Under the Amended and Restated Master Sale and Purchase Agreement between us and Motors Liquidation Company we may be obligated to issue additional shares (Adjustment Shares) of our common stock in the event that allowed general unsecured claims against the GUC Trust, as estimated by the Bankruptcy Court, exceed $35.0 billion. Refer to Note 17 to our consolidated financial statements for a description of the contingently issuable Adjustment Shares.

Automotive Financing - GM Financial Summary and Outlook GM Financial has expanded its leasing and prime lending programs in North America; therefore, leasing and prime lending have become a larger percentage of the originations and retail portfolio balance. During 2017 we saw used car prices in the U.S. decline approximately 5% as compared to 2016. For 2018, an increasing supply of used vehicles resulting from off-lease returns will continue to pressure used car prices. As a result, we expect a further decline in used car prices in the U.S. between 5% and 6% in 2018 as compared to 2017. GM Financial continues to expect pre-tax income to double from 2014 earnings of $0.8 billion once full captive penetration levels are achieved on a consistent basis. The following table summarizes the residual value as well as the number of units included in GM Financial equipment on operating leases, net by vehicle type (units in thousands):

	December 31, 2017				December 31, 2016			
	Residual Value	Units	Percentage		Residual Value	Units	Percentage	
Cars	$5,701	450	27.2	%	$5,240	420	31.7	%
Trucks	7,173	285	17.3	%	5,231	224	16.9	%
Crossovers	13,723	818	49.5	%	10,349	604	45.7	%
SUVs	3,809	99	6.0	%	2,791	75	5.7	%

Total	$	30,406	1,652	100.0 %	$	23,611	1,323	100.0 %

GM Financial's retail penetration in North America grew to approximately 37% in the year ended December 31, 2017 from approximately 33% in 2016 as a result of the expanded leasing and lending programs. In the year ended December 31, 2017 GM Financial's revenue consisted of leased vehicle income of 71%, retail finance charge income of 23%, and commercial finance charge income of 3%. We believe that offering a comprehensive suite of financing products will generate incremental sales of our vehicles, drive incremental GM Financial earnings and help support our sales throughout various economic cycles.

Consolidated Results We review changes in our results of operations under five categories: volume, mix, price, cost and other. Volume measures the impact of changes in wholesale vehicle volumes driven by industry volume, market share and changes in dealer stock levels. Mix measures the impact of changes to the regional portfolio due to product, model, trim, country and option

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penetration in current year wholesale vehicle volumes. Price measures the impact of changes related to Manufacturer's Suggested Retail Price and various sales allowances. Cost includes primarily: (1) material and freight; (2) manufacturing, engineering, advertising, administrative and selling and warranty expense; and (3) non-vehicle related activity. Other includes primarily foreign exchange and non-vehicle related automotive revenues as well as equity income or loss from our nonconsolidated affiliates. Refer to the regional sections of this MD&A for additional information.

Total Net Sales and Revenue

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2017	2016			Volume	Mix	Price	Other
					(Dollars in billions)			
GMNA	$111,345	$119,113	$ (7,768)	(6.5)%	$(12.2)	$3.5	$0.6	$0.3
GMI	21,920	20,943	977	4.7 %	$0.2	$0.2	$0.6	$—
Corporate	342	149	193	n.m.				$0.2
Automotive	133,607	140,205	(6,598)	(4.7)%	$(12.0)	$3.7	$1.3	$0.5
GM Financial	12,151	8,983	3,168	35.3 %				$3.2
Eliminations	(170)	(4)	(166)	n.m.				$(0.2)
Total net sales and revenue	$145,588	$149,184	$ (3,596)	(2.4)%	$(12.0)	$3.7	$1.3	$3.5

n.m. = not meaningful

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2016	2015			Volume	Mix	Price	Other
					(Dollars in billions)			
GMNA	$119,113	$106,744	$ 12,369	11.6 %	$10.8	$0.7	$1.7	$(0.8)
GMI	20,943	22,970	(2,027)	(8.8)%	$(1.7)	$0.2	$1.2	$(1.7)
Corporate	149	150	(1)	(0.7)%				$—
Automotive	140,205	129,864	10,341	8.0 %	$9.1	$0.9	$2.9	$(2.5)
GM Financial	8,983	5,867	3,116	53.1 %				$3.1
Eliminations	(4)	(6)	2	33.3 %				$—
Total net sales and revenue	$149,184	$135,725	$ 13,459	9.9 %	$9.1	$0.9	$2.9	$0.7

Automotive Cost of Sales

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2017	2016			Volume	Mix	Cost	Other
					(Dollars in billions)			
GMNA	$92,765	$99,690	$ 6,925	6.9 %	$8.7	$(2.7)	$1.2	$(0.3)
GMI	21,449	20,426	(1,023)	(5.0)%	$(0.1)	$(0.5)	$(0.1)	$(0.3)
Corporate	818	387	(431)	n.m.		$—	$(0.6)	$0.2
Eliminations	(163)	(4)	159	n.m.			$0.2	$—
Total automotive cost of sales	$114,869	$120,499	$ 5,630	4.7 %	$8.6	$(3.1)	$0.6	$(0.4)

n.m. = not meaningful

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	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2016	2015			Volume	Mix	Cost	Other
					(Dollars in billions)			
GMNA	$99,690	$88,880	$ (10,810)	(12.2)%	$(7.6)	$(1.9)	$(1.7)	$ 0.4
GMI	20,426	23,694	3,268	13.8 %	$1.4	$(0.6)	$0.9	$ 1.6
Corporate	387	426	39	9.2 %			$(0.1)	$ 0.1
Eliminations	(4)	(5)	(1)	(20.0)%			$—	
Total automotive cost of sales	$120,499	$112,995	$ (7,504)	(6.6)%	$(6.2)	$(2.6)	$(0.9)	$ 2.2

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 product warranty and recall campaigns.

Factors which most significantly influence a region's profitability are industry volume, market share, and 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 warranty and recall-related costs. Vehicles with higher selling prices generally have higher variable profit. Refer to the regional sections of this MD&A for additional information on volume and mix.

In the year ended December 31, 2017 favorable Cost was due primarily to: (1) decreased warranty costs of $1.4 billion; (2) decreased employee related costs of $0.8 billion; (3) decreased material and freight costs of $0.7 billion related to carryover vehicles; and (4) decreased restructuring costs related to UAW cash severance incentive program of $0.2 billion in 2016 that did not recur in 2017; partially offset by (5) increased material and freight costs of $1.4 billion related to vehicles launched within the last twelve months incorporating significant exterior and/or interior changes (Majors); (6) increased engineering costs of $0.7 billion; and (7) charges of $0.4 billion related to restructuring actions in India and South Africa. In the year ended December 31, 2017 unfavorable Other was due primarily to the foreign currency effect of $0.4 billion due to the strengthening of the Brazilian Real and other currencies against the U.S. Dollar.

In the year ended December 31, 2016 unfavorable Cost was due primarily to: (1) increased other costs of $2.3 billion primarily manufacturing, engineering, depreciation and amortization and warranty which are inclusive of launch costs; partially offset by (2) decreased material and freight costs of $2.3 billion related to carryover vehicles, partially offset by increased material and freight costs of $1.3 billion related to Majors; and (3) impairments of $0.4 billion related to Thailand and Venezuela in 2015. In the year ended December 31, 2016 favorable Other was due primarily to the foreign currency effect of $2.0 billion due primarily to the BsF devaluation in 2015 and the weakening of the Argentine Peso, Canadian Dollar and other currencies against the U.S. Dollar; and costs related to our exit in Russia of $0.2 billion in 2015.

Automotive Selling, General and Administrative Expense

	Years Ended December 31,			Year Ended 2017 vs. 2016 Change		Year Ended 2016 vs. 2015 Change	
	2017	2016	2015	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
Automotive selling, general and administrative expense	$9,575	$10,354	$11,888	$ 779	7.5 %	$1,534	12.9 %

In the year ended December 31, 2017 Automotive selling, general and administrative expense decreased due primarily to decreased advertising costs of $0.4 billion and a decrease in net charges of $0.2 billion for legal related matters related to the ignition switch recall.

In the year ended December 31, 2016 Automotive selling, general and administrative expense decreased due primarily to a net decrease in charges of $1.5 billion for matters related to the ignition switch recall and favorable net foreign currency effect of $0.2 billion due primarily to the weakening of various currencies against the U.S. Dollar.

Income Tax Expense (Benefit)

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	Years Ended December 31,			Year Ended 2017 vs. 2016 Change		Year Ended 2016 vs. 2015 Change	
	2017	2016	2015	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
Income tax expense (benefit)	$11,533	$2,739	$(1,219)	$(8,794)	n.m.	$(3,958)	n.m.

n.m. = not meaningful

In the year ended December 31, 2017 Income tax expense increased due primarily to the $7.3 billion tax expense related to U.S. tax reform legislation and the establishment of a $2.3 billion valuation allowance related to the sale of Opel/Vauxhall Business, partially offset by tax benefits related to tax settlements and foreign dividends.

In the year ended December 31, 2016 Income tax expense increased due primarily to the absence of the 2015 income tax benefit from the release of European valuation allowances of $3.9 billion and an increase in income tax expense of $0.6 billion due primarily to an increase in pre-tax income; partially offset by $0.6 billion in tax benefits related to foreign currency losses.

For the year ended December 31, 2017 our ETR-adjusted was 21.1%, and we expect the effective tax rate to be similar for the year ending December 31, 2018.

Refer to Note 18 to our consolidated financial statements for additional information related to Income tax expense (benefit) including information on U.S. tax reform legislation.

Discontinued Operations

	Years Ended December 31,			Year Ended 2017 vs. 2016 Change		Year Ended 2016 vs. 2015 Change	
	2017	2016	2015	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
Income (loss) from discontinued operations, net of tax	$(4,212)	$(1)	$ 25	$(4,211)	n.m.	$ (26)	n.m.

n.m. = not meaningful

In the year ended December 31, 2017 Income (loss) from discontinued operations, net of tax, decreased due primarily to a disposal loss of $3.9 billion, net of tax, primarily related to deferred tax assets that transferred to PSA Group, previously deferred pension losses and payment of the de-risking premium to PSA Group for its assumption of certain underfunded pension liabilities and the loss as a result of the sale of the Fincos.

GM North America

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2017	2016			Volume	Mix	Price	Cost	Other
					(Dollars in billions)				
Total net sales and revenue	$111,345	$119,113	$ (7,768)	(6.5)%	$(12.2)	$3.5	$0.6		$0.3
EBIT-adjusted	$11,889	$12,388	$ (499)	(4.0)%	$(3.5)	$0.9	$0.6	$1.8	$(0.3)
EBIT-adjusted margin	10.7%	10.4%	0.3%						

	(Vehicles in thousands)			
Wholesale vehicle sales	3,511	3,958	(447)	(11.3)%

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	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2016	2015			Volume	Mix	Price	Cost	Other
					(Dollars in billions)				
Total net sales and revenue	$119,113	$106,744	$ 12,369	11.6%	$10.8	$0.7	$1.7		$(0.8)
EBIT-adjusted	$12,388	$11,354	$ 1,034	9.1 %	$3.2	$(1.2)	$1.7	$(2.2)	$(0.4)
EBIT-adjusted margin	10.4 %	10.6 %	(0.2)%						
	(Vehicles in thousands)								
Wholesale vehicle sales	3,958	3,558	400	11.2%					

GMNA Total Net Sales and Revenue In the year ended December 31, 2017 Total net sales and revenue decreased due primarily to: (1) decreased net wholesale volumes associated with a decrease in Chevrolet passenger car sales and a decrease in off-lease rental car sales; partially offset by (2) favorable mix associated with a decrease in sales of Chevrolet passenger cars and decreased volumes of off-lease rental car sales; (3) favorable pricing for Majors of $1.4 billion, partially offset by unfavorable pricing for carryover vehicles of $0.8 billion; and (4) favorable Other due primarily to the foreign currency effect resulting from the strengthening of the Canadian Dollar against the U.S. Dollar.

In the year ended December 31, 2016 Total net sales and revenue increased due primarily to: (1) increased net wholesale volumes reflecting our strategic decision to reduce daily rental activity, strong retail demand for the Chevrolet Malibu and Spark, full-size trucks and SUVs and the Buick Envision; (2) favorable pricing for Majors of $1.8 billion; and (3) favorable mix associated with full-size trucks and SUVs and a reduction in rental car activities, partially offset by the Chevrolet Malibu and Spark; partially offset by (4) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Mexican Peso and Canadian Dollar against the U.S. Dollar.

GMNA EBIT-Adjusted The most significant factors which influence profitability are industry volume and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles sold. Trucks, crossovers and cars sold currently have a variable profit of approximately 180%, 55% and 15% of our GMNA portfolio on a weighted-average basis.

In the year ended December 31, 2017 EBIT-adjusted decreased due primarily to: (1) decreased net wholesale volumes; and (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Mexican Peso against the U.S. Dollar; partially offset by (3) favorable Cost including decreased warranty costs of $1.4 billion, decreased material and freight costs related to carryover vehicles of $0.7 billion, decreased other employee related costs of $0.7 billion, decreased advertising costs of $0.3 billion and decreased restructuring charges of $0.2 billion related to the 2016 UAW cash severance incentive program, partially offset by increased material costs for Majors of $1.3 billion and increased engineering costs of $0.3 billion; (4) favorable mix; and (5) favorable pricing.

In the year ended December 31, 2016 EBIT-adjusted increased due primarily to: (1) increased net wholesale volumes; and (2) favorable pricing; partially offset by (3) unfavorable Cost including increased material costs for Majors of $1.1 billion, restructuring charges of $0.2 billion related to the UAW cash severance incentive program and increased other costs of $2.8 billion primarily engineering, depreciation and amortization, manufacturing, warranty and marketing which are inclusive of launch costs, partially offset by favorable material and freight costs related to carryover vehicles of $2.0 billion; (4) unfavorable mix associated with the Chevrolet Malibu, Volt and Spark, partially offset by full-size trucks and SUVs and a reduction in rental car activities; and (5) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Mexican Peso and Canadian Dollar against the U.S.

Dollar.

GM International

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	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2017	2016			Volume	Mix	Price	Cost	Other
					(Dollars in billions)				
Total net sales and revenue	$21,920	$20,943	$ 977	4.7 %	$0.2	$0.2	$0.6		$—
EBIT-adjusted	$1,300	$767	$ 533	69.5%	$—	$(0.3)	$0.6	$0.3	$(0.2)
EBIT-adjusted margin	5.9 %	3.7 %	2.2 %						
Equity income — Automotive China	$1,976	$1,973	$ 3	0.2 %					
EBIT (loss)-adjusted — excluding Equity income	$(676)	$(1,206)	$ 530	43.9%					
	(Vehicles in thousands)								
Wholesale vehicle sales	1,267	1,255	12	1.0 %					

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2016	2015			Volume	Mix	Price	Cost	Other
					(Dollars in billions)				
Total net sales and revenue	$20,943	$22,970	$ (2,027)	(8.8)%	$(1.7)	$0.2	$1.2		$(1.7)
EBIT-adjusted	$767	$665	$ 102	15.3 %	$(0.3)	$(0.5)	$1.1	$0.5	$(0.7)
EBIT-adjusted margin	3.7 %	2.9 %	0.8 %						
Equity income — Automotive China	$1,973	$2,057	$ (84)	(4.1)%					
EBIT (loss)-adjusted —excluding Equity income	$(1,206)	$(1,392)	$ 186	13.4 %					
	(Vehicles in thousands)								
Wholesale vehicle sales	1,255	1,372	(117)	(8.5)%					

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

GMI Total Net Sales and Revenue In the year ended December 31, 2017 Total net sales and revenue increased due primarily to: (1) favorable pricing related to carryover vehicles in Argentina and Brazil and in Egypt to mitigate the impact of the weakening Egyptian Pound against the U.S. Dollar; (2) favorable mix driven by the increased sales of Chevrolet Cruze in Brazil and Argentina; and (3) increased wholesale volumes associated with the Chevrolet Onix in Brazil and Argentina, partially offset by decreased wholesale volumes across multiple product lines in Asia/Pacific, the Middle East and Africa; (4) flat Other due primarily to the foreign currency effect resulting from the strengthening of the Brazilian Real and Korean Won against the U.S. Dollar, offset by the depreciation of the Argentinian Peso and Egyptian Pound against the U.S. Dollar and decreased parts and accessories sales in the Middle East.

In the year ended December 31, 2016 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes across multiple product lines in Egypt, South Africa, the Middle East, Brazil and Venezuela, partially offset by increased sales of the Chevrolet Spark and Malibu in Korea and the Middle East; and (2) unfavorable Other of $1.7 billion due primarily to the foreign currency effect resulting from the weakening of all currencies across South America, the Egyptian Pound and South African Rand against the U.S. Dollar; partially offset by (3) favorable pricing related to carryover vehicles due primarily to high inflation in Argentina.

GMI EBIT-Adjusted In the year ended December 31, 2017 EBIT-adjusted increased due primarily to: (1) favorable pricing; and (2) favorable Cost due to decreased employee related costs and selling, general and administrative expenses across the region; partially offset by (3) unfavorable mix driven by decreased high-margin sales in the

Middle East.

In the year ended December 31, 2016 EBIT-adjusted increased due primarily to: (1) favorable pricing; and (2) favorable Cost due to lower engineering expenses and material and freight performance related to carryover vehicles; partially offset by (3) unfavorable mix due primarily to the lack of vehicle sales in Venezuela and decreased sales of full-size trucks and SUVs in the Middle East as a result of a weaker economy due to low oil prices; and (4) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of all currencies across South America, the Egyptian Pound and South African Rand against the U.S. Dollar.

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

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

	Years Ended December 31,		
	2017	2016	2015
Wholesale vehicles including vehicles exported to markets outside of China	4,140	4,013	3,794
Total net sales and revenue	$50,065	$47,150	$44,959
Net income	$3,984	$4,117	$4,290

	December 31, 2017	December 31, 2016
Cash and cash equivalents	$ 9,202	$ 8,197
Debt	$ 381	$ 246

GM Financial

	Years Ended December 31,			2017 vs. 2016 Change		2016 vs. 2015 Change	
	2017	2016	2015	Amount	%	Amount	%
Total revenue	$12,151	$8,983	$5,867	$3,168	35.3%	$3,116	53.1%
Provision for loan losses	$757	$644	$603	$113	17.5%	$41	6.8 %
Earnings before income taxes-adjusted	$1,196	$763	$679	$433	56.7%	$84	12.4%
	(Dollars in billions)						
Average debt outstanding	$74.9	$54.8	$36.2	$20.1	36.7%	$18.6	51.4%
Effective rate of interest paid	3.4 %	3.6 %	4.0 %	(0.2)%		(0.4)%	

GM Financial Revenue In the year ended December 31, 2017 Total revenue increased due primarily to increased leased vehicle income of $2.7 billion due to a larger lease portfolio and increased finance charge income of $0.4 billion due to growth in the retail and commercial finance receivables portfolios.

In the year ended December 31, 2016 Total revenue increased due primarily to increased leased vehicle income of $3.1 billion due to a larger lease portfolio.

GM Financial Earnings Before Income Taxes-Adjusted In the year ended December 31, 2017 Earnings before income taxes-adjusted increased due primarily to: (1) increased net leased vehicle income of $0.8 billion due primarily to a larger lease portfolio; and (2) increased finance charge income; partially offset by (3) increased interest expense of $0.6 billion due to an increase in average debt outstanding.

In the year ended December 31, 2016 Earnings before income taxes-adjusted increased due primarily to: (1) increased net leased vehicle income of $0.8 billion due primarily to a larger lease portfolio; partially offset by (2) increased interest expense of $0.5 billion due to an increase in average debt outstanding; and (3) increased operating expenses of $0.2 billion.

Liquidity and Capital Resources We believe that our current level of cash and cash equivalents, marketable securities and availability under our revolving credit facilities will be sufficient to meet our liquidity needs. We expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations and future debt issuances. We also maintain access to the capital markets and may issue debt or equity securities from time to time, which may provide an additional source of liquidity. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are focused on three objectives: (1) reinvest in our business; (2) maintain a strong investment-grade balance sheet; and (3) return available cash to shareholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures of approximately $8.5 billion annually as well as payments for engineering and product

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development activities; (2) payments associated with previously announced vehicle recalls, the settlements of the multidistrict litigation and any other recall-related contingencies; (3) payments to service debt and other long-term obligations, including discretionary and mandatory contributions to our pension plans; (4) dividend payments on our common stock that are declared by our Board of Directors; and (5) payments to purchase shares of our common stock authorized by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the "Forward-Looking Statements" section of this MD&A and Item 1A. Risk Factors, some of which are outside of our control.

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

Our senior management evaluates our capital allocation program on an ongoing basis and recommends any modifications to the program to our Board of Directors, not less than once annually. Management reaffirmed and our Board of Directors approved the capital allocation program, which includes reinvesting in our business at an average target ROIC-adjusted rate of 20% or greater, maintaining a strong investment-grade balance sheet, including a target cash balance of $18 billion, and returning available cash to shareholders.

As part of our capital allocation program, we announced in January 2016 that our Board of Directors had authorized a program to purchase up to $4 billion of our common stock before the end of 2017, which was completed in the three months ended September 30, 2017. We also announced in January 2017 that our Board of Directors had authorized the purchase of up to an additional $5 billion of our common stock with no expiration date, subsequent to completing the remaining portion of the previously announced programs. We completed $1.5 billion of the $5 billion program in the three months ended December 31, 2017. From inception of the program in 2015 through January 30, 2018 we had purchased an aggregate of 299 million shares of our outstanding common stock under our common stock repurchase program for $10.5 billion. In the year ended December 31, 2017, we returned total cash to shareholders of $6.7 billion, consisting of dividends paid on our common stock and purchases of our common stock.

In August 2017 we issued $3.0 billion in aggregate principal amount of senior unsecured notes and used the net proceeds to repay the $3.0 billion drawn on our three-year unsecured revolving credit facility to fund the payments to PSA Group, or one or more pension funding vehicles, for the assumed net underfunded pension liabilities in connection with the sale of the Opel/Vauxhall Business. Refer to Note 14 to our consolidated financial statements for additional information on the senior unsecured notes.

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

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Approximately 90% of our cash and marketable securities were managed within North America and at our regional treasury centers at December 31, 2017. 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, corporate debt securities and mortgage and asset-backed securities. Our investment guidelines, which we may change from time to time, prescribe certain minimum credit worthiness thresholds and limit our exposures to any particular sector, asset class, issuance or security type. The majority of our current investments in debt securities are with A/A2 or better rated issuers.

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. The total size of our credit facilities was $14.5 billion at December 31, 2017 and 2016, which consisted principally of our two primary revolving credit facilities. We did not have any borrowings against our primary facilities, but had letters of credit outstanding under our sub-facility of $0.4 billion at December 31, 2017 and 2016. GM Financial had access to our revolving credit facilities at December 31, 2017 and 2016 but did not borrow against them. Refer to Note 14 to our consolidated financial statements for additional information on credit facilities. At December 31, 2017 and 2016 we had intercompany loans from GM Financial of $0.4 billion and $0.3 billion, which consisted primarily of commercial loans to dealers we consolidate, and we had no intercompany loans to GM Financial.

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As a means to access the strong liquidity available in our China JVs, from time to time, we may borrow from our joint ventures to provide additional liquidity to support our operations and capital investment. In the three months ending March 31, 2018, we expect to borrow approximately $1.3 billion from SAIC General Motors Corp., Ltd. (SGM) pursuant to a short-term unsecured note payable.

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

	December 31, 2017	December 31, 2016
Cash and cash equivalents	$ 11.2	$ 9.8
Marketable securities	8.3	11.8
Available liquidity(a)	19.6	21.6
Available under credit facilities(b)	14.1	14.2
Total automotive available liquidity(a)	$ 33.6	$ 35.8

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(a) Amounts do not add due to rounding.
(b) Excludes outstanding letters of credit of $0.2 billion at December 31, 2016 under our primary credit facilities which were transferred to PSA Group at closing.

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

	Year Ended December 31, 2017
Operating cash flow	$ 13.9
Capital expenditures	(8.4)
Dividends paid and payments to purchase common stock	(6.7)
Net cash used in investing activities – discontinued operations(a)	(3.6)
Issuance of senior unsecured notes	3.0
Other non-operating	(0.4)
Total change in automotive available liquidity	$ (2.2)

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(a) Consists primarily of payments to PSA Group, or one or more pension funding vehicles, of $3.4 billion for the assumed net underfunded pension liabilities in connection with the sale of the Opel/Vauxhall Business, which includes pension funding payments for active employees and the de-risking premium payment of $455 million, partially offset by proceeds.

Automotive Cash Flow (Dollars in Billions)

	Years Ended December 31, 2017	2016	2015	2017 vs. 2016 Change	2016 vs. 2015 Change
Operating Activities					
Income (loss) from continuing operations	$ (0.8)	$ 8.6	$ 9.0	$ (9.4)	$ (0.4)
Depreciation, amortization and impairments charges	5.7	5.1	5.2	0.6	(0.1)
Pension and OPEB activities	(2.6)	(4.2)	(1.5)	1.6	(2.7)
Working capital	1.8	2.2	0.3	(0.4)	1.9
Equipment on operating leases	(0.3)	0.8	0.5	(1.1)	0.3
Accrued and other liabilities	(2.3)	1.0	(1.0)	(3.3)	2.0

Income taxes	10.9	2.1	(2.0)	8.8	4.1
GM Financial dividend	0.6	—	—	0.6	—
Other	0.9	(1.1)	0.2	2.0	(1.3)
Net automotive cash provided by operating activities	$13.9	$14.5	$10.7	$ (0.6)	$ 3.8

In the year ended December 31, 2017 the decrease in Net automotive cash provided by operating activities was due primarily to unfavorable impacts from: (1) decreased Income (loss) from continuing operations partially offset by the add back of $7.3 billion

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as a result of U.S. tax reform legislation and the establishment of a $2.3 billion valuation allowance related to the sale of the Opel/Vauxhall Business; (2) a decrease in Accrued and other liabilities due to increased sales allowance payments; (3) a decrease in Equipment on operating leases due to an increase in units out to daily rental car companies; and (4) a decrease in Working capital due to lower production volumes, partially offset by accelerated cash receipts from GM Financial and other external sources totaling $0.5 billion; partially offset by (5) discretionary contributions of $2.0 billion made to our U.S. hourly pension plan in the year ended December 31, 2016; and (6) an increase in Other due to several insignificant items.

In the year ended December 31, 2016 the increase in Net automotive cash provided by operating activities was due primarily to: (1) an increase in Income taxes due primarily to the reversal of valuation allowances in 2015; (2) an increase in Accrued and other liabilities due primarily to an increase in sales incentives of $1.6 billion; (3) an increase in Working capital due primarily to increased accounts payable due to increased production volumes and decreased inventories due to lower repurchased rental car activity; partially offset by (4) a decrease in Pension and OPEB activities due primarily to discretionary contributions of $2.0 billion made to our U.S. hourly pension plan in the year ended December 31, 2016 and pension income from the refinement to the discount rate methodology for service and interest cost; and (5) a decrease in Other due primarily to foreign exchange and an increase in deposits.

	Years Ended December 31,			2017 vs. 2016	2016 vs. 2015
	2017	2016	2015	Change	Change
Investing Activities					
Capital expenditures	$(8.4)	$(8.3)	$(6.7)	$ (0.1)	$ (1.6)
Acquisitions and liquidations of marketable securities, net	3.5	(3.7)	0.9	7.2	(4.6)
Investment in Lyft	—	(0.5)	—	0.5	(0.5)
Acquisition of Cruise	—	(0.3)	—	0.3	(0.3)
Other	0.2	0.2	—	—	0.2
Net automotive cash used in investing activities	$(4.7)	$(12.6)	$(5.8)	$ 7.9	$ (6.8)

	Years Ended December 31,			2017 vs. 2016	2016 vs. 2015
	2017	2016	2015	Change	Change
Financing Activities					
Issuance of senior unsecured notes	$3.0	$2.0	$—	$ 1.0	$ 2.0
Payments to purchase common stock	(4.5)	(2.5)	(3.5)	(2.0)	1.0
Dividends paid	(2.2)	(2.3)	(2.2)	0.1	(0.1)
Other	(0.5)	(0.3)	(0.1)	(0.2)	(0.2)
Net automotive cash used in financing activities	$(4.2)	$(3.1)	$(5.8)	$ (1.1)	$ 2.7

Adjusted Automotive Free Cash Flow (Dollars in Billions)

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	Years Ended December 31,		
	2017	2016	2015
Net automotive cash provided by operating activities – continuing operations	$13.9	$14.5	$10.7
Less: capital expenditures – continuing operations	(8.4)	(8.3)	(6.7)
Adjustments			
Discretionary U.S. pension plan contributions	—	2.0	—
U.K. pension plan contribution(a)	0.2	—	—
GM Financial dividend(a)	(0.6)	—	—
Total adjustments	(0.4)	2.0	—
Adjusted automotive free cash flow – continuing operations(b)	5.2	8.2	4.0
Net automotive cash used in operating activities – discontinued operations	—	(0.1)	(0.7)
Less: capital expenditures – discontinued operations	(0.7)	(1.1)	(1.0)
Adjusted automotive free cash flow(b)	$4.5	$6.9	$2.3

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(a) These cash flows were excluded because they resulted from the sale of the European Business.
(b) Amounts do not add due to rounding.

Status of Credit Ratings We receive ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P). All four credit rating agencies currently rate our corporate credit at investment grade. The following table summarizes our credit ratings at January 30, 2018:

	Corporate	Revolving Credit Facilities	Senior Unsecured	Outlook
DBRS Limited	BBB	BBB	N/A	Stable
Fitch	BBB	BBB		