

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

Form 10-K

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

For the fiscal year ended December 31, 2018

OR

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

For the transition period from to

Commission file number 001-34960

**GENERAL MOTORS COMPANY**

(Exact name of registrant as specified in its charter)

STATE OF DELAWARE

(State or other jurisdiction of  
incorporation or organization)

27-0756180

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

300 Renaissance Center, Detroit, Michigan

(Address of principal executive offices)

48265-3000

(Zip Code)

Registrant's telephone number, including area code  
(313) 667-1500

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
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  No

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

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

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

Indicate by check mark 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.

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company   
(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

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 \$55.5 billion as of June 30, 2018.

As of January 25, 2019 there were 1,409,478,926 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

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

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## 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 trucks, crossovers, cars 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 is presented as discontinued operations in our consolidated financial statements for all periods presented. Unless otherwise indicated, information in this report relates to our continuing operations.

**Automotive** Our automotive operations meet the demands of our customers through our automotive segments: GM North America (GMNA) and GM International (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 total vehicle sales data to assist in the analysis of our revenue and our market share. Wholesale vehicle sales data consists of sales to GM's dealers and distributors as well as sales to the U.S. Government, and excludes vehicles sold by our joint ventures. Wholesale vehicle sales data correlates to our revenue recognized from the sale of vehicles, which is the largest component of Automotive net sales and revenue. In the year ended December 31, 2018 36% of our wholesale vehicle sales volume was generated outside the U.S. The following table summarizes wholesale vehicle sales by automotive segment (vehicles in thousands):

	Years Ended December 31,					
	2018		2017		2016	
GMNA(a)	3,555	75.5%	3,511	73.5%	3,958	75.9%
GMI(b)	1,152	24.5%	1,267	26.5%	1,255	24.1%
Total	4,707	100.0%	4,778	100.0%	5,213	100.0%
Discontinued operations	—		696		1,199	

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

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

Total vehicle sales data represents: (1) retail sales (i.e., sales to consumers who purchase new vehicles from dealers or distributors); (2) fleet sales, such as sales to large and small businesses, governments, and daily rental car companies; and (3) vehicles used by dealers in their businesses, including courtesy transportation vehicles. Total vehicle sales data includes all sales by joint ventures on a total vehicle basis, not based on our percentage ownership interest in the joint venture. Certain joint venture agreements in China allow for the contractual right to report vehicle sales of non-GM trademarked vehicles by those joint ventures, which are included in the total vehicle sales we report for China. While total vehicle sales data does not correlate directly to the revenue we

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recognize during a particular period, we believe it is indicative of the underlying demand for our vehicles. Total vehicle sales data represents management's good faith estimate based on sales reported by GM's dealers, distributors, and joint ventures, commercially available data sources such as registration and insurance data, and internal estimates and forecasts when other data is not available.

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

	Years Ended December 31,								
	2018			2017			2016		
	Industry	GM	Market Share	Industry	GM	Market Share	Industry	GM	Market Share
<b>North America</b>									
United States	17,694	2,954	16.7%	17,570	3,002	17.1%	17,886	3,043	17.0%
Other	3,835	536	14.0%	3,986	574	14.4%	3,993	587	14.7%
Total North America(a)	21,529	3,490	16.2%	21,556	3,576	16.6%	21,879	3,630	16.6%
<b>Asia/Pacific, Middle East and Africa</b>									
China(b)	26,466	3,645	13.8%	28,231	4,041	14.3%	28,274	3,914	13.8%
Other(c)	22,252	555	2.5%	21,287	629	3.0%	20,602	720	3.5%
Total Asia/Pacific, Middle East and Africa(a)	48,718	4,200	8.6%	49,518	4,670	9.4%	48,876	4,634	9.5%
<b>South America</b>									
Brazil	2,566	434	16.9%	2,239	394	17.6%	2,050	346	16.9%
Other	1,919	256	13.3%	1,928	275	14.3%	1,623	237	14.6%
Total South America(a)	4,485	690	15.4%	4,167	669	16.1%	3,673	583	15.9%
<b>Total in GM markets</b>	74,732	8,380	11.2%	75,241	8,915	11.8%	74,428	8,847	11.9%
Total Europe	19,045	4	—%	19,190	685	3.6%	18,620	1,161	6.2%
<b>Total Worldwide(d)</b>	93,777	8,384	8.9%	94,431	9,600	10.2%	93,048	10,008	10.8%
<b>United States</b>									
Cars	5,361	560	10.4%	6,145	709	11.5%	6,897	890	12.9%
Trucks	5,361	1,360	25.4%	5,041	1,328	26.3%	4,911	1,325	27.0%
Crossovers	6,972	1,034	14.8%	6,384	965	15.1%	6,078	828	13.6%
Total United States	17,694	2,954	16.7%	17,570	3,002	17.1%	17,886	3,043	17.0%
<b>China(b)</b>									
SGMS		1,749			1,906			1,806	
SGMW and FAW-GM		1,896			2,135			2,108	
Total China	26,466	3,645	13.8%	28,231	4,041	14.3%	28,274	3,914	13.8%

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

(b) Includes sales by 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 year ended December 31, 2016 wholesale volumes were used for Industry, GM and Market Share. Our total vehicle sales in China were 3,871 in the year ended December 31, 2016.

(c) Includes Industry and GM sales in India and South Africa where we ceased vehicle sales for those domestic markets as of December 31, 2017.

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

In the year ended December 31, 2018 we estimate we had the number one market share in each of 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.

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As discussed above, total vehicle sales and market share data provided in the table above includes fleet vehicles. Certain fleet transactions, particularly sales to daily rental car companies, are generally less profitable than retail sales to end customers. Prior to January 1, 2018 a significant portion of the sales to daily rental car companies were recorded as operating leases under U.S. GAAP with no recognition of revenue at the date of initial delivery due to guaranteed repurchase obligations. Beginning January 1, 2018, a significant portion of the sales to daily rental car companies are recorded as sales at the time of delivery to daily rental car companies. The following table summarizes estimated fleet sales and those sales as a percentage of total vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2018	2017	2016
GMNA	740	691	707
GMI	478	541	527
Total fleet sales	1,218	1,232	1,234
Fleet sales as a percentage of total vehicle sales	14.5%	13.8%	13.9%

**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, 2018	December 31, 2017	December 31, 2016
GMNA	4,793	4,809	4,857
GMI	7,716	7,641	8,598
Total	12,509	12,450	13,455

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 \$7.8 billion, \$7.3 billion and \$6.6 billion in the years ended December 31, 2018, 2017 and 2016.

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*Product Development* The Product Development organization is responsible for designing and integrating vehicle and propulsion 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 optimize our current vehicle portfolio, as we expect that more than 75% of our global sales volume will come from five vehicle architectures by early next decade. We will continue to leverage our current architecture portfolio to accommodate our customers around the world while achieving our financial goals.

In November 2018 we announced plans to transform our product development and optimize our product portfolio. We are evolving our global product development workforce and processes to drive world-class levels of engineering in advanced technologies and to improve quality and speed to market.

*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 2018 model year vehicles 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 Bolt EV.

*Car- and Ride-Sharing* Maven is a shared vehicle marketplace that leverages a versatile software and operational platform to provide members with on-demand access to vehicles through two primary services, Maven Gig and Maven Car Sharing. Maven Gig allows members to access vehicles that can be used in ride-sharing and delivery with companies such as Uber Technologies Inc. and GrubHub Inc. Maven Car Sharing is a consumer service that provides on-demand access to Maven owned and peer-owned vehicles through a new peer-to-peer car-sharing offering. Maven is available in 24 cities across the U.S., Canada and Australia. Through December 31, 2018 Maven Gig and Maven Car Sharing have accumulated in aggregate over 171 million miles driven, 34 million all-electric miles driven and 247,000 reservations. Maven now has 190,000 members.

*Autonomous Technology* We see autonomous technology leading to a future of zero crashes, zero emissions and zero congestion, 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 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 technology is Super Cruise, a driver assistance feature that enables hands-free driving on the highway, which will be expanded to all Cadillac models, with roll-out beginning in 2020.

We are actively testing autonomous vehicles in San Francisco, California; Scottsdale, Arizona; and Michigan. Gated by safety and regulation, we continue to make rapid progress toward commercialization of a network of on-demand autonomous vehicles in the U.S.

In January 2018 we revealed the Cruise AV, a production-intent self-driving vehicle that was engineered from the start to operate safely on its own, with no driver.

In May 2018 SoftBank Vision Fund (The Vision Fund) agreed to invest in GM Cruise, our global segment responsible for the development and commercialization of autonomous vehicle technology. In addition, in October 2018 we reached an agreement to work jointly with Honda Motor Co., Ltd (Honda) to fund and develop a shared autonomous vehicle (SAV) for GM Cruise that can serve a wide variety of use cases and be manufactured at high volume. For additional information on third-party investments in GM Cruise, refer to the Overview section of the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

*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 (LPG).

We offer a variety of FlexFuel vehicles in the U.S. for the 2019 model year to retail and fleet 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

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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 three 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 in 2016 for a next-generation fuel cell system and hydrogen storage technologies, aiming for commercialization in the early 2020s. We expect the collaboration to succeed by sharing expertise, economies of scale and common sourcing strategies and building upon GM's and Honda's strengths as leaders in hydrogen fuel cell technology.

*OnStar and Vehicle Connectivity* OnStar, LLC (OnStar) provides subscription-based and complementary services to more than 20 million connected vehicles globally. OnStar provides connected safety, security and mobility solutions for retail and fleet customers, including automatic crash response, stolen vehicle assistance, roadside assistance, dealer maintenance notifications, remote door unlock, turn-by-turn navigation, vehicle location services, hands-free calling, Smart Driver and Marketplace. OnStar also offers additional connectivity packages that include remote vehicle access through a mobile application, on-demand vehicle diagnostics, connected navigation 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. We continue to experience higher commodity costs and anticipate higher costs associated with tariffs.

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. Combined purchases from our two largest suppliers have been approximately 12% of our total purchases in each of the years ended December 31, 2018, 2017 and 2016. Refer to Item 1A. Risk Factors for further discussion of these risks.

### *Environmental and Regulatory Matters*

*Automotive Emissions Control* We are subject to laws and regulations that require us to control automotive emissions, including vehicle and engine 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 that 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. 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<sub>2</sub> and nitrogen oxide emissions testing, and review of emission control designs and strategies.

The U.S. federal government, through the Environmental Protection Agency (EPA), imposes stringent exhaust and evaporative emission control requirements on vehicles sold in the U.S. The California Air Resources Board (CARB) likewise imposes stringent exhaust and evaporative emission standards, as well as the requirement that increasing percentages of Zero Emission Vehicle (ZEVs) must be sold in California. The Clean Air Act permits states that have areas with air quality compliance issues to adopt California emission standards in lieu of federal requirements. Thirteen states have adopted California emission standards, and ten



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of these have adopted the ZEV requirements. There is a possibility that additional U.S. jurisdictions could adopt California emissions and ZEV requirements in the future.

Although the EPA has not imposed ZEV requirements, the EPA and California's emissions control standards will likely increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance. The Canadian federal government's vehicle emission requirements are generally aligned with the U.S. federal requirements. The Canadian province of Quebec has adopted ZEV requirements starting with the 2018 model year largely based on California program requirements.

Each model year we must obtain certification that our vehicles and heavy-duty engines will meet emission requirements of the EPA before we can sell vehicles in the U.S. and Canada, and of the CARB before we can sell vehicles in California and other states that have adopted the California emissions 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 and 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. Localities can pull ahead China 6 requirements if certain criteria are met. The majority of cities that have announced plans to implement China 6 early have projected implementation in July 2019, but one city has indicated implementation in the three months ended March 31, 2019. For additional information, refer to Item 1A. Risk Factors.

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 is smaller, but GM may still be affected by actions taken by regulators related both to Opel/Vauxhall vehicles sold before the sale of the Opel/Vauxhall Business as well as to other vehicles GM continues to sell in Europe. In the European Union, increased scrutiny of compliance with emissions standards may result in changes to these standards, including implementation of "real world driving" emissions tests, as well as stricter interpretations or redefinition of these standards and more rigorous enforcement. For example, our former German subsidiary has participated in continuing discussions with German and European authorities concerning emissions control systems. For additional information, refer to Note 22 to our consolidated financial statements.

**Automotive Fuel Economy** In the U.S., the National Highway Traffic Safety Administration (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, including credits obtained from other manufacturers. In addition to federal CAFE, the EPA promulgates and enforces GHG emission standards, which are effectively fuel economy standards because the majority of vehicle GHG emissions are carbon dioxide emissions that are emitted in direct proportion to the amount of fuel burned by a vehicle. The EPA and NHTSA also regulate the fuel efficiency and GHG emissions of medium- and heavy-duty vehicles, imposing more stringent standards over time.

In Canada, light-duty and heavy-duty GHG regulations are currently patterned after the existing EPA GHG emission standards. However, with both the U.S. and Canadian governments reviewing potential changes to these existing regulations and the difference in each country's climate change policies, there is an increased risk that future Canadian light-duty GHG regulations may not be aligned with future EPA regulations. 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. Until recently, CARB regulations have provided 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. However, on December 12, 2018 CARB amended this regulation to clarify that, in the event the EPA alters the GHG stringency by means of the now-pending EPA GHG rulemaking, compliance with the EPA's GHG emissions standards will no longer be deemed in compliance with CARB's requirements. As a result, depending on the outcome of the EPA GHG rulemaking and finality of CARB's regulatory amendment in the future GM might be required to meet California standards that are different than the EPA GHG standards.

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China has two fuel economy requirements for passenger vehicles: an individual vehicle pass-fail type approval requirement and a fleet average fuel consumption requirement. With a focus on the fleet average program, the current China Phase 4 fleet fuel consumption requirement, which went into effect in 2016, 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. In addition, China has established the New Energy Vehicle (NEV) Mandate which will require passenger car manufacturers to produce a certain volume of plug-in hybrid, battery electric and fuel cell vehicles to generate "credits" equivalent to 10% in 2019 and 12% in 2020 against the internal combustion engine vehicle production volume. The number of credits per car is based on the level of electric range and energy efficiency. The NEV Mandate requirement for 2021 to 2025 currently is being developed with a goal of NEV volume reaching 20% of total vehicle volume in 2025.

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 practicable to landfill-free operations which reduces GHG emissions associated with waste disposal. At December 31, 2018, 75 (or approximately 50%) of our manufacturing operations and 61 of our non-manufacturing operations were landfill-free, including idled facilities. At our landfill-free manufacturing operations approximately 94% of waste materials are composted, reused, or recycled and approximately 5% are converted to energy at waste-to-energy facilities. In 2018 we estimate that our waste reduction program diverted 1.6 million metric tons of waste from landfill, resulting in approximately 6.9 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, improve our energy efficiency and work to drive growth and scale of renewables. We are committed to meeting the electricity needs of our operations worldwide with renewable energy by 2050. At December 31, 2018 we had implemented projects or signed renewable energy contracts globally that had increased our total renewable energy capacity to over 400 megawatts, which represents approximately 20% of our global electricity use. In 2018, several wind farms totaling approximately 250 megawatts now match the load of GM facilities in Texas, Ohio and Indiana. We continue to seek opportunities for a diversified renewable energy portfolio including wind, solar, and landfill gas. In 2018 Energy Star certified one assembly plant in Canada through Natural Resources Canada and 17 buildings in the U.S. 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 13% at these sites within 2.5 years. To meet the EPA Challenge, industrial sites must reduce energy intensity by 10% within a five year period. In total 75 GM-owned manufacturing sites have met the EPA Challenge, with many sites achieving the goal multiple times for a total of 137 recognitions. 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 to operate more efficiently 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

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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.

Chemical regulations are increasing in North America. In the U.S. the EPA is moving forward with risk analysis and management of high priority chemicals under the authority of the 2016 Lautenberg Chemical Safety for the 21st Century Act, and several U.S. states have chemical management regulations that can affect vehicle design such as the California and Washington laws banning the use of copper in brake friction material. 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 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 joint ventures in China.

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

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

GM Financial generally seeks to fund its operations in each country through local sources 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 and through the issuance of unsecured debt in public markets.

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**Employees** At December 31, 2018 we employed 97,000 (56%) hourly employees and 76,000 (44%) salaried employees. At December 31, 2018 50,000 (49%) 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):

	<b>December 31, 2018</b>
GMNA(a)	124
GMI	39
GM Financial	10
Total Worldwide	173
U.S. - Salaried	53
U.S. - Hourly	50

(a) Includes GM Cruise

In November 2018 we announced our plan to transform our global workforce, which includes reducing our salaried staff in 2019 to ensure we have the right skill sets for today and the future, as well as 25% fewer executives to streamline decision making.

**Executive Officers of the Registrant** As of February 6, 2019 the names and ages of our executive officers and their positions with GM are as follows:

<b>Name (Age)</b>	<b>Present GM Position (Effective Date)</b>	<b>Positions Held During the Past Five Years (Effective Date)</b>
Mary T. Barra (57)	Chairman and Chief Executive Officer (2016)	Chief Executive Officer and Member of the Board of Directors (2014)
Alan S. Batey (55)	Executive Vice President and President, North America (2014)	
Alicia Boler-Davis (49)	Executive Vice President, Global Manufacturing (2016)	Senior Vice President, Global Connected Customer Experience (2014) Vice President, Global Quality and U.S. Customer Experience (2012)
Barry L. Engle (55)	Executive Vice President and President, GM International (2018)	Executive Vice President and President, South America (2015) Agility Fuel Systems, Chief Executive Officer (2011)
Craig B. Glidden (61)	Executive Vice President and General Counsel (2015)	LyondellBasell, Executive Vice President and Chief Legal Officer (2009)
Christopher T. Hatto (48)	Vice President, Controller and Chief Accounting Officer (2018)	Chief Financial Officer, U.S. Sales Operations (2016) Chief Financial Officer, Customer Care and Aftersales (2013)
Mark L. Reuss (55)	President (2019)	Executive Vice President and President, Global Product Development Group and Cadillac (2018) Executive Vice President, Global Product Development, Purchasing & Supply Chain (2014)
Dhivya Suryadevara (39)	Executive Vice President and Chief Financial Officer (2018)	Vice President Corporate Finance (2017) Vice President Finance and Treasurer (2015) Chief Executive Officer, GM Asset Management (2013)
Matthew Tsien (58)	Executive Vice President and President, GM China (2014)	

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

**Website Access to Our Reports** Our internet website address is [www.gm.com](http://www.gm.com). In addition to the information about us and our subsidiaries contained in this 2018 Form 10-K information about us can be found on our website including information on our corporate governance principles and practices. Our Investor Relations website at <https://investor.gm.com> contains a significant amount of information about us, including financial and other information for investors. We encourage investors to visit our website, as we frequently update and post new information about our company on our website and it is possible that this information could

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be deemed to be material information. Our website and information included in or linked to our website are not part of this 2018 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).

\* \* \* \* \*

**Item 1A. Risk Factors**

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

***If we do not deliver new products, services and customer experiences in response to increased competition in the automotive industry, our business could suffer.*** We believe that the automotive industry will continue to experience significant 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 disrupting the historic business model of our industry through the introduction of new technologies, products, services, and methods of travel and vehicle ownership. It is strategically significant that we lead the technological disruption occurring in our industry, including consumer adoption of electric vehicles and commercialization of autonomous vehicles in a rideshare environment. 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, digital services 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. 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 adequately prepare for and respond to new kinds of technological innovations, market developments and changing customer needs, our sales, profitability and long-term competitiveness may be harmed.

***Our ability to maintain profitability is dependent upon our ability to timely fund and introduce new and improved vehicle models that are able to attract a sufficient number of consumers.*** We operate in a very competitive industry with market participants routinely introducing new and improved vehicle models and features designed to meet rapidly evolving consumer expectations. Producing new and improved vehicle models 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 SUVs and full-size pick-up trucks.*** While we offer a balanced portfolio of cars, crossovers, SUVs and trucks, we generally recognize higher profit margins on our 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 may continue to restructure our operations in the U.S. and various other countries and initiate additional cost reduction actions, but we may not succeed in doing so.*** Since 2017, we have undertaken restructuring actions to lower our operating costs in response to difficult market and operating conditions in various parts of the world, including the U.S., Korea and Europe. As we continue to assess our performance throughout our regions, we may take additional restructuring actions to rationalize our operations, which may result in asset write-downs or impairments and reduce our profitability in the periods incurred. In addition, we are continuing to implement a number of operating effectiveness initiatives to improve productivity and reduce costs. For example, in late 2018, we announced certain transformation actions to drive significant cost efficiencies and realign our current

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manufacturing capacity and utilization in response to market-related volume declines in passenger cars. There is no guarantee that we will realize the anticipated savings or benefits from past or future restructuring and/or cost reduction actions in full or within the time periods we expect. In addition, these actions also subject us to increased risks of labor unrest or strikes, litigation, negative publicity and business disruption. Failure to realize anticipated savings or benefits from our restructuring and/or cost reduction actions could have a material adverse effect on our business, prospects, financial condition, liquidity, results of operations and cash flows.

***Our electric vehicle strategy is dependent upon our ability to reduce the cost of manufacturing electric vehicles, as well as increased consumer adoption.*** We anticipate that the production and profitable sale of electric vehicles will become increasingly important to our business. Our inability to reduce the costs associated with the manufacture of battery-electric vehicles may negatively impact our earnings and financial condition. We currently benefit from certain government and economic incentives supporting the development of electric vehicles. The benefits from these incentives could be reduced, eliminated or exhausted, which may negatively affect our ability to sell electric vehicles at high enough prices to be profitable. In addition, our sale of electric vehicles is dependent upon consumer adoption, which could be impacted by numerous factors, including perceptions about electric vehicle features, quality, safety, performance and cost; perceptions about the limited range over which electric vehicles may be driven on a single battery charge; high fuel-economy internal combustion engine vehicles; volatility in the cost of fuel; government regulations and economic incentives; and access to charging facilities.

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

***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, the availability and prices of used vehicles, levels of unemployment, availability of affordable financing, fluctuations in the cost of fuel, consumer confidence, political unrest and global economic conditions. For a discussion of economic and market trends, see the Overview section of the MD&A. We cannot predict future economic and market conditions with certainty.

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***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 well as non-traditional market participants, such as domestic technology companies. In addition, our success in China depends upon our ability to adequately address unique market and consumer preferences driven by advancements related to infotainment and other new technologies. Increased competition, increased U.S.-China trade restrictions and weakening economic conditions in China, among other things, may result in price reductions, reduced sales, profitability, and margins, and challenges to gain or hold market share. In addition to increased competition, Chinese regulators have announced aggressive "green" policy initiatives and quotas for the sale of electric vehicles, which have challenging lead times.

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 times to implement such requirements. These actions may increase the cost of doing business in China and reduce our profitability. In particular, the announced intention of several Chinese cities to implement new China 6 emissions regulations in July 2019 represents a risk for the sales of our Chinese joint ventures.

***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 and Korea, 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 actions 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: (1) changes in government leadership; (2) changes in labor, tax and other laws, regulations or government policies impacting our overall business model or practices or restricting our ability to manufacture, purchase or sell products consistent with market demand and our business objectives; (3) political pressures to change any aspect of our business model or practices or that impair our ability to source raw materials, services, components, systems and parts, or manufacture products on competitive terms in a manner consistent with our business objectives; (4) political instability or government controls over certain sectors; (5) political and economic tensions between governments and changes in international trade policies, including restrictions on the repatriation of dividends, especially between China and the U.S.; (6) more detailed inspections, new or higher tariffs, for example, on products imported into or exported from the U.S.; (7) new barriers to entry or domestic preference procurement requirements, including changes to, withdrawals from or impediments to implementing free trade agreements (for example, the North American Free Trade Agreement or its successor), or preferences of foreign nationals for domestically manufactured products; (8) changes in foreign currency exchange rates, particularly in Brazil and Argentina, and interest rates; (9) economic downturns in foreign countries or geographic regions where we have significant operations, or significant changes in conditions in the countries in which we operate; (10) differing local product preferences and product requirements, including government certification requirements related to, among other things, fuel economy, vehicle emissions and safety; (11) impact of compliance with U.S. and other foreign countries' export controls and economic sanctions; (12) liabilities resulting from U.S. and foreign laws and regulations, including, but not limited to, those related to the Foreign Corrupt Practices Act and certain other anti-corruption laws; (13) differing labor regulations, requirements and union relationships; (14) differing dealer and franchise regulations and relationships; and (15) difficulties in obtaining financing in foreign countries for local operations.

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***Any significant disruption at one of our manufacturing facilities could disrupt our production schedule.*** We assemble vehicles at various facilities around the world. Our facilities are typically designed to produce particular models for particular geographic markets. No single facility is designed to manufacture our full range of vehicles. In some cases, certain facilities produce products, systems, components and parts that disproportionately contribute a greater degree to our profitability than others. Should these or other facilities become unavailable either temporarily or permanently for any number of reasons, including labor disruptions or catastrophic weather events, the inability to manufacture at the affected facility 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.

In 2019, our collective bargaining agreement with the United Automobile Workers will expire, and we will negotiate a new agreement. In addition, in late 2018 we announced certain restructuring actions, which included among other things, a reduction in our workforce and the unallocation of products to certain manufacturing facilities in North America. As a result, we may be subject to an increased risk of strikes, work stoppages or other types of conflicts with labor unions and employees.

***Any disruption in our suppliers' operations could disrupt our production schedule.*** Our automotive operations are dependent upon the continued ability of our suppliers to deliver the systems, components, raw materials and parts that we need to manufacture our products. Our use of "just-in-time" manufacturing processes allows us to maintain minimal inventory. As a result, our ability to maintain production is dependent upon our suppliers delivering sufficient quantities of systems, components, raw materials and parts on time to meet our production schedules. In some instances, we purchase systems, components, raw materials and parts that are ultimately derived from a single source and may be at an increased risk for supply disruptions. Any number of factors, including labor disruptions, catastrophic weather events, contractual or other disputes with suppliers, and supplier financial difficulties or solvency problems could disrupt our suppliers' operations and lead to uncertainty in our supply chain or cause supply disruptions for us which could, in turn, disrupt our operations, including the production of certain of our higher margin vehicles. If we experience supply disruptions, we may not be able to develop alternate sourcing quickly. Any disruption of our production schedule caused by an unexpected shortage of systems, components, raw materials or parts even for a relatively short period of time could cause us to alter production schedules or suspend production entirely.

***High prices of raw materials or other inputs used by us and our suppliers could negatively impact our profitability.*** Increases in prices for raw materials or other inputs that we and our suppliers use in manufacturing products, systems, components and parts, such as steel, precious metals, or non-ferrous metals, including aluminum, copper and plastic, may lead to higher production costs for parts, components and vehicles. Changes in trade policies and tariffs, fluctuations in supply and demand, and other economic and political factors may continue to create pricing pressure for raw materials and other inputs. 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 products and services.*** There may be instances where, notwithstanding our intellectual property position, competitive products or services may impact the value of our brands and other intangible assets, and our business may be adversely affected. Moreover, although GM takes reasonable steps to maintain the confidentiality of GM proprietary information, there can be no assurance that such efforts will



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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 enterprise data practices, including the collection, use, sharing, and security of the Personal Identifiable Information of our customers, employees, or suppliers are subject to increasingly complex, restrictive, and punitive regulations in all key market regions.*** Under these regulations, the failure to maintain compliant data practices could result in consumer complaints and regulatory inquiry, resulting in civil or criminal penalties, as well as brand impact or other harm to our business. In addition, increased consumer sensitivity to real or perceived failures in maintaining acceptable data practices could damage our reputation and deter current and potential users or customers from using our products and services. Because many of these laws are new, there is little clarity as to their interpretation, as well as a lack of precedent for the scope of enforcement. The cost of compliance with these laws and regulations will be high and is likely to increase in the future. For example, in Europe, the General Data Protection Regulation came into effect on May 25, 2018, and applies to all our ongoing operations in the EU. This regulation significantly increases the potential financial penalties for noncompliance, including possible fines of up to 4% of global annual turnover. Similar regulations are coming into effect in Brazil, China, and California.

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***Our operations and 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, particularly regulations relating to emissions and fuel economy standards. Meeting or exceeding many of these regulations is costly and often technologically challenging, especially when standards may not be harmonized across jurisdictions. We anticipate that the number and extent of these and other regulations, laws and policies, and the related costs and changes to our product portfolio, may increase significantly in the future, primarily out of concern for the environment (including concerns about global climate change and its impact). These government regulatory requirements could significantly affect our plans for global product development and given the uncertainty surrounding enforcement and regulatory definitions and interpretations, may result in substantial costs, including civil or criminal penalties. In addition, an evolving but un-harmonized 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 requirements. We also expect that manufacturers will continue to be subject to increased scrutiny from regulators globally.

We expect that to comply with current or even revised 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, fuel economy 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 vehicles, 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, class action litigations alleging product defects, emissions litigation (both in the U.S. and elsewhere), stockholder litigation, labor litigation in various countries (including Korea and Brazil) 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 additional shares (Adjustment Shares) of 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 (MLC) 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. The GUC Trust stated in public filings that allowed general unsecured claims were approximately \$31.9 billion as of December 31, 2018. For a further discussion of these matters refer to Note 16 to our consolidated financial statements.

***The costs and effect on our reputation of product safety recalls and alleged defects in products and services could materially adversely affect our business.*** Government safety standards require manufacturers to remedy certain product safety defects through recall campaigns. 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 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 or supported by data, 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.

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We currently source a variety of systems, components, raw materials and parts from third parties. From time to time these items may have performance or quality issues that could harm our reputation and cause us to incur significant costs.

***We may incur additional tax expense or become subject to additional tax exposure.*** We are subject to the tax laws and regulations of the U.S. and numerous other jurisdictions in which we do business. Many judgments are required in determining our worldwide provision for income taxes and other tax liabilities, and we are regularly under audit by the U.S. Internal Revenue Service and other tax authorities, which may not agree with our tax positions. In addition, our tax liabilities are subject to other significant risks and uncertainties, including those arising from potential changes in laws and/or regulations in the countries in which we do business, the possibility of adverse determinations with respect to the application of existing laws, and changes in the valuation of our deferred tax assets and liabilities. Any unfavorable resolution of these and other uncertainties may have a significant adverse impact on our tax rate. For example, the impact of the U.S. Tax Cuts and Jobs Act of 2017 (the Tax Act), which was enacted on December 22, 2017, may differ from the Company's previously recorded amounts, possibly materially, due to potential changes in the Tax Act (including with respect to the regulations promulgated thereunder) or changes to its interpretation. If our tax expense were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected.

***We rely on GM Financial to provide financial services to our customers and dealers in North America, South America and Asia/Pacific.*** GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations, which in turn impede its ability to provide leasing and financing to customers and commercial lending to our dealers. Any reduction in GM Financial's ability to provide such financial services would negatively affect our efforts to support additional sales of our vehicles and expand our market penetration among customers and dealers.

The primary factors that could adversely affect GM Financial's business and operations and reduce its ability to provide financing services at competitive rates include the sufficiency, availability and cost of sources of financing, including credit facilities, securitization programs and secured and unsecured debt issuances; the performance of loans and leases in its portfolio, which could be materially affected by charge-offs, delinquencies and prepayments; wholesale auction values of used vehicles; 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, enforcement and licensing across various jurisdictions.

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

***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 15 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.

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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, 2018 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 33 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 and Thailand.

In November 2018 we announced our plans to realign our manufacturing capacity in response to market-related volume declines in passenger cars.

GM Financial owns or leases facilities for administration and regional credit centers. GM Financial has 39 facilities, of which 26 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 16 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 under the symbol "GM".

**Holders** At January 25, 2019 we had 1.4 billion issued and outstanding shares of common stock held by 501 holders of record.

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**Purchases of Equity Securities** The following table summarizes our purchases of common stock in the three months ended December 31, 2018:

	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, 2018 through October 31, 2018	118,108	\$ 33.53	—	\$3.4 billion
November 1, 2018 through November 30, 2018	6,552	\$ 36.47	—	\$3.4 billion
December 1, 2018 through December 31, 2018	2,992,631	\$ 33.07	—	\$3.4 billion
Total	3,117,291	\$ 33.10	—	

(a) Shares purchased includes approximately three million shares purchased and held by GM Cruise Holdings to hedge its exposure to cash settled share-based awards issued to certain of its employees. 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 23 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 \$5.0 billion of our common stock with no expiration date.

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**Item 6. Selected Financial Data**

	At and for the Years Ended December 31,				
	2018	2017	2016	2015	2014
<b>Income Statement Data:</b>					
Total net sales and revenue	\$ 147,049	\$ 145,588	\$ 149,184	\$ 135,725	\$ 137,958
Income from continuing operations(a)	\$ 8,075	\$ 330	\$ 9,269	\$ 9,590	\$ 4,525
Basic earnings per common share – continuing operations(a)	\$ 5.66	\$ 0.23	\$ 6.12	\$ 6.09	\$ 2.06
Diluted earnings per common share – continuing operations(a)	\$ 5.58	\$ 0.22	\$ 6.00	\$ 5.89	\$ 1.95
Dividends declared per common share	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.38	\$ 1.20
<b>Balance Sheet Data:</b>					
Total assets(b)	\$ 227,339	\$ 212,482	\$ 221,690	\$ 194,338	\$ 177,311
Automotive notes and loans payable	\$ 13,963	\$ 13,502	\$ 10,560	\$ 8,535	\$ 9,084
GM Financial notes and loans payable	\$ 90,988	\$ 80,717	\$ 64,563	\$ 45,479	\$ 29,304
Total equity	\$ 42,777	\$ 36,200	\$ 44,075	\$ 40,323	\$ 36,024

(a) In the year ended December 31, 2018 we recorded charges of \$1.3 billion related to transformation activities including employee separation, accelerated depreciation and other charges, \$1.1 billion related to the closure of a facility and other restructuring actions in Korea, charges of \$0.4 billion for ignition switch related legal matters, and a non-recurring tax benefit of \$1.0 billion related to foreign earnings. 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 \$0.5 billion 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 and other 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. 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.

(b) Total assets included assets held for sale of \$20.6 billion, \$20.0 billion, and \$17.8 billion at December 31, 2016, 2015 and 2014.

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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.

**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. Our non-GAAP measures include: earnings before interest and taxes (EBIT)-adjusted, presented net of noncontrolling interests; Core EBIT-adjusted; earnings per share (EPS)-diluted-adjusted; effective tax rate-adjusted (ETR-adjusted); return on invested capital-adjusted (ROIC-adjusted) and adjusted automotive free cash flow. Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered superior to, in isolation from, or as a substitute for, related U.S. GAAP measures.

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

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

**Core EBIT-adjusted** Core EBIT-adjusted is 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 GM Cruise. Prior to the three months ended June 30, 2018 Core EBIT-adjusted excluded the EBIT-adjusted results of autonomous vehicle operations, including GM Cruise, Maven and our investment in Lyft, Inc. (Lyft). The measure was changed to align with segment reporting. All periods presented have been recast to reflect the changes.

**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 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

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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. Management actions can include voluntary events such as discretionary contributions to employee benefit plans or nonrecurring specific events such as a closure of a facility that are considered special for EBIT-adjusted purposes. Refer to the “Liquidity and Capital Resources” section of this MD&A for additional information.

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

	Years Ended December 31,		
	2018	2017	2016
Net income (loss) attributable to stockholders	\$ 8,014	\$ (3,864)	\$ 9,427
Loss from discontinued operations, net of tax	70	4,212	1
Income tax expense	474	11,533	2,739
Automotive interest expense	655	575	563
Automotive interest income	(335)	(266)	(182)
Adjustments			
Transformation activities(a)	1,327	—	—
GMI restructuring(b)	1,138	540	—
Ignition switch recall and related legal matters(c)	440	114	300
Total adjustments	2,905	654	300
EBIT-adjusted	\$ 11,783	\$ 12,844	\$ 12,848

(a) These adjustments were excluded because of a strategic decision to accelerate our transformation for the future to strengthen our core business, capitalize on the future of personal mobility, and drive significant cost efficiencies. The adjustments primarily consist of employee separation charges and accelerated depreciation.

(b) These adjustments were excluded because of a strategic decision to rationalize our core operations by exiting or significantly reducing our presence in various international markets to focus resources on opportunities expected to deliver higher returns. The adjustments primarily consist of employee separation charges, asset impairments and supplier claims in the year ended December 31, 2018, all in Korea. The adjustment in the year ended December 31, 2017 primarily consists of asset impairments and other restructuring actions in India, South Africa and Venezuela.

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

The following table reconciles EBIT-adjusted to Core EBIT-adjusted:

	Years Ended December 31,		
	2018	2017	2016
EBIT-adjusted(a)	\$ 11,783	\$ 12,844	\$ 12,848
EBIT loss-adjusted – GM Cruise	728	613	171
Core EBIT-adjusted	\$ 12,511	\$ 13,457	\$ 13,019

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

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

	Years Ended December 31,					
	2018		2017		2016	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Diluted earnings (loss) per common share	\$ 7,916	\$ 5.53	\$ (3,880)	\$ (2.60)	\$ 9,427	\$ 6.00
Diluted loss per common share – discontinued operations	70	0.05	4,212	2.82	1	—
Adjustments(a)	2,905	2.03	654	0.44	300	0.19
Tax effect on adjustments(b)	(416)	(0.29)	(208)	(0.14)	(114)	(0.07)
Tax adjustments(c)	(1,111)	(0.78)	9,099	6.10	—	—
EPS-diluted-adjusted	<u>\$ 9,364</u>	<u>\$ 6.54</u>	<u>\$ 9,877</u>	<u>\$ 6.62</u>	<u>\$ 9,614</u>	<u>\$ 6.12</u>

- (a) Refer to the reconciliation of Net income (loss) attributable to stockholders under U.S. GAAP to EBIT-adjusted within this section of the MD&A for adjustment details.
- (b) The tax effect of each adjustment is determined based on the tax laws and valuation allowance status of the jurisdiction to which the adjustment relates.
- (c) In the year ended December 31, 2018 the adjustment consists of: (1) a non-recurring tax benefit related to foreign earnings; and (2) tax effects related to U.S. tax reform legislation. In the year ended December 31, 2017 the adjustment consisted 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 are no longer realizable as a result of the sale of the Opel/Vauxhall Business, partially offset by tax benefits related to tax settlements. 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,								
	2018			2017			2016		
	Income before income taxes	Income tax expense	Effective tax rate	Income before income taxes	Income tax expense	Effective tax rate	Income before income taxes	Income tax expense	Effective tax rate
Effective tax rate	\$ 8,549	\$ 474	5.5%	\$ 11,863	\$ 11,533	97.2%	\$ 12,008	\$ 2,739	22.8%
Adjustments(a)	2,946	416		654	208		300	114	
Tax adjustments(b)		1,111			(9,099)			—	
ETR-adjusted	<u>\$ 11,495</u>	<u>\$ 2,001</u>	17.4%	<u>\$ 12,517</u>	<u>\$ 2,642</u>	21.1%	<u>\$ 12,308</u>	<u>\$ 2,853</u>	23.2%

- (a) Refer to the reconciliation of Net income (loss) attributable to stockholders under U.S. GAAP to EBIT-adjusted within this section of the MD&A for adjustment details. Net income attributable to noncontrolling interests for these adjustments is included in the year ended December 31, 2018.
- (b) Refer to the reconciliation of diluted earnings (loss) per common share under U.S. GAAP to EPS-diluted-adjusted within this section of the MD&A for adjustment details.

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

	Years Ended December 31,		
	2018	2017	2016
Net income (loss) attributable to stockholders	\$ 8.0	\$ (3.9)	\$ 9.4
Average equity(a)	\$ 37.4	\$ 42.2	\$ 43.6
ROE	21.4%	(9.2)%	21.6%

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



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

	Years Ended December 31,		
	2018	2017	2016
EBIT-adjusted(a)	\$ 11.8	\$ 12.8	\$ 12.8
Average equity(b)	\$ 37.4	\$ 42.2	\$ 43.6
Add: Average automotive debt and interest liabilities (excluding capital leases)	14.4	11.6	9.9
Add: Average automotive net pension & OPEB liability	18.3	21.0	22.0
Less: Average automotive net income tax asset	(22.7)	(29.3)	(32.8)
ROIC-adjusted average net assets	\$ 47.4	\$ 45.5	\$ 42.7
ROIC-adjusted	24.9%	28.2%	30.1%

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

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

**Overview** Our 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 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, through 2018 we fully realized our financial targets of \$6.5 billion in total annual operational and functional cost savings compared to 2014 costs.

For the year ending December 31, 2019 we expect EPS-diluted of between \$5.17 and \$6.00 and EPS-diluted-adjusted of between \$6.50 and \$7.00. The following table reconciles expected EPS-diluted under U.S. GAAP to expected EPS-diluted-adjusted and includes the future impact of the expected adjustment related to transformation activities:

	Year Ending December 31, 2019
Diluted earnings per common share	\$ 5.17-6.00
Adjustment – transformation activities	1.17-1.59
Tax effect on adjustment(a)	(0.17-0.26)
EPS-diluted-adjusted	\$ 6.50-7.00

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

We face continuing market, operating and regulatory challenges in a number of countries across the globe due to, among other factors, weak economic conditions, competitive pressures, our product portfolio offerings, heightened emissions standards, foreign exchange volatility, rising materials prices, trade policy 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, as well as our cost structure in order to maintain a low breakeven point. Refer to Item 1A. Risk Factors for a discussion of these challenges. We expect transformation activities to drive approximately \$6.0 billion of annual cash savings by the end of 2020, resulting from reductions in Automotive and other cost of sales in our consolidated financial statements, as well as reduced capital expenditures. This target includes approximately \$4.5 billion of cost savings, to be achieved through staffing, manufacturing and product initiatives. As we continue to assess our performance and the needs of our evolving business, additional restructuring and rationalization actions could be required. These additional actions could give rise to future asset impairments or other charges which may have a material impact on our results of operations.

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**GMNA** Industry sales in North America were 21.5 million units in the year ended December 31, 2018 representing a decrease of 0.1% compared to the corresponding period in 2017. U.S. industry sales were 17.7 million units in the year ended December 31, 2018.

Our total vehicle sales in the U.S., our largest market in North America, totaled 3.0 million units for market share of 16.7% in the year ended December 31, 2018 representing a decrease of 0.4 percentage points compared to the corresponding period in 2017. We continue to lead the U.S. industry in market share.

In November 2018 we announced plans to accelerate steps to improve our overall business performance including the reorganization of global product development staffs, the realignment of manufacturing capacity in response to market-related volume declines in passenger cars and a reduction of our salaried workforce. We recorded charges of \$1.2 billion in the year ended December 31, 2018 and expect to record additional charges of \$1.5 billion to \$2.0 billion in 2019. These charges are primarily considered special for EBIT-adjusted, EPS diluted-adjusted, and adjusted automotive free cash flow purposes.

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 a strong EBIT-adjusted margin in 2019 on continued strength of the U.S. industry light vehicle sales, favorable vehicle mix and continued focus on overall cost savings partially offset by higher costs associated with commodities and tariffs, as well as pricing pressures.

The UAW contract ratified in November 2015 expires in September 2019. For discussion of the risks related to a significant labor disruption at one of our facilities, refer to Item 1A. Risk Factors.

**GMI** Industry sales in China were 26.5 million units in the year ended December 31, 2018 representing a decrease of 6.3% compared to the corresponding period in 2017. Our total vehicle sales in China were 3.6 million units for a market share of 13.8% in the year ended December 31, 2018, representing a decrease of 0.5 percentage points compared to the corresponding period in 2017. We continue to see strength in sales of our Cadillac vehicles, and Chevrolet outperformed the passenger vehicle industry. Baojun and Wuling sales were impacted by the market slowdown in less developed cities and market shift away from mini commercial vehicles. Our Automotive China JVs generated equity income of \$2.0 billion in the year ended December 31, 2018. In 2019 we expect industry sales to remain relatively flat with a continuation of pricing pressures, a more challenging regulatory environment related to emissions, fuel consumption and new energy vehicles as well as a weaker Chinese Yuan against the U.S. Dollar, which will continue to put pressure on our operations in China. While we expect China equity income to be moderately down, we expect to sustain strong China equity income by focusing on improvements in vehicle mix, cost efficiencies, and downstream performance optimization.

Outside of China, many markets across the segment continue to improve, resulting in industry sales of 26.7 million units, representing an increase of 5.0% in the year ended December 31, 2018 compared to the corresponding period in 2017. This increase was due primarily to increases in India and Brazil. Our total vehicle sales were 1.2 million units for a market share of 4.7% in the year ended December 31, 2018, representing a decrease of 0.4 percentage points compared to the corresponding period in 2017.

In February 2018 we announced the closure of a facility and other restructuring actions in Korea. We recorded charges of \$1.1 billion consisting of \$0.6 billion in non-cash asset impairments and other charges and \$0.5 billion in employee separation charges in the year ended December 31, 2018. We incurred \$0.8 billion in cash outflows resulting from these Korea restructuring actions for employee separations and statutory pension payments in the year ended December 31, 2018. The charges are considered special for EBIT-adjusted, EPS-diluted-adjusted and adjusted automotive free cash flow reporting purposes. Refer to Note 18 to our consolidated financial statements for information related to these restructuring actions.

In connection with these restructuring actions, the Korea Development Bank (KDB) purchased approximately \$0.7 billion of GM Korea Company's (GM Korea) Class B Preferred Shares from GM Korea (GM Korea Preferred Shares) in 2018. In conjunction with the GM Korea Preferred Share issuance we agreed to provide GM Korea future funding, if needed, not to exceed \$2.8 billion through December 31, 2027, inclusive of \$2.0 billion of planned capital expenditures through 2027. The actions being taken to address GM Korea's financial and operational performance have and may continue to result in litigation, negative publicity, business disruption, and labor unrest. Refer to Note 20 to our consolidated financial statements for additional information.

**GM Cruise** In June 2018 GM Cruise Holdings issued \$0.9 billion of convertible preferred shares (GM Cruise Preferred Shares) to SoftBank Investments Holdings (UK) Limited (SoftBank). Immediately prior to the issuance of the GM Cruise Preferred Shares, we invested \$1.1 billion in GM Cruise Holdings. When GM Cruise's autonomous vehicles are ready for commercial deployment, SoftBank is obligated to purchase additional GM Cruise Preferred Shares for \$1.35 billion, subject to regulatory approval. All

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proceeds are designated exclusively for working capital and general corporate purposes of GM Cruise. Refer to Note 20 to our consolidated financial statements for additional information.

In October 2018 GM Cruise Holdings issued \$0.75 billion of GM Cruise Holdings Class E Common Shares to Honda, representing 5.7% of the fully diluted equity of GM Cruise Holdings at closing. In addition, Honda agreed to contribute approximately \$2.0 billion primarily in the form of a long-term annual fee to GM Cruise Holdings for certain rights to use GM Cruise Holdings' trade names and trademarks and the exclusive right to partner with GM Cruise Holdings to develop, deploy and maintain a foreign market. The remaining contribution or funding will come in the form of shared development costs for a SAV that Honda, General Motors Holdings LLC and GM Cruise Holdings will jointly develop for deployment onto GM Cruise's autonomous vehicle network. All proceeds are designated exclusively for working capital and general corporate purposes of GM Cruise. Refer to Note 20 to our consolidated financial statements for additional information.

**Corporate** Beginning in 2012 through January 25, 2019, we purchased an aggregate of 510 million shares of our outstanding common stock for \$16.4 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 16 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 have filed Preliminary DIRs covering certain of our GMT900 vehicles, which are full-size pickup trucks and SUVs. We have also filed petitions for inconsequentiality with respect to the vehicles subject to those Preliminary DIRs. NHTSA has consolidated our petitions and will rule on them at the same time.

While these petitions have been pending, we have provided NHTSA with the results of our long-term studies and the studies performed by third-party experts, all of which form 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.

We believe these vehicles are currently performing as designed and our inflator aging studies and field data 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 \$1.2 billion.

GM has recalled certain vehicles sold outside of the U.S. to replace Takata inflators in those vehicles. There are significant differences in vehicle and inflator design between the relevant vehicles sold internationally and those sold in the U.S. We continue to gather and analyze evidence about these inflators and to share our findings with regulators. Additional recalls, if any, could be material to our results of operations and cash flows. We continue to monitor the international situation.

**Contingently Issuable Shares** Under the Amended and Restated Master Sale and Purchase Agreement between us and MLC, GM may be obligated to issue Adjustment Shares of our common stock if allowed general unsecured claims against the GUC

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Trust, as estimated by the Bankruptcy Court, exceed \$35.0 billion. Refer to Note 16 to our consolidated financial statements for a description of the contingently issuable Adjustment Shares.

**Automotive Financing - GM Financial Summary and Outlook** We believe that offering a comprehensive suite of financing products will generate incremental sales of our vehicles, drive incremental GM Financial earnings and help support our sales throughout various economic cycles. The expansion of GM Financial's leasing program results in increased exposure to residual values, which are heavily dependent on used vehicle prices. Used vehicle prices in 2018 held at similar levels as compared to 2017. We expect a decrease of 4% to 5% in 2019 compared to 2018, due primarily to continued increases in the industry supply of used vehicles. 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, 2018			December 31, 2017		
	Residual Value	Units	Percentage	Residual Value	Units	Percentage
Cars	\$ 4,884	379	22.3%	\$ 5,701	450	27.2%
Trucks	7,299	296	17.4%	7,173	285	17.3%
Crossovers	15,057	917	53.8%	13,723	818	49.5%
SUVs	4,160	111	6.5%	3,809	99	6.0%
Total	\$ 31,400	1,703	100.0%	\$ 30,406	1,652	100.0%

During 2018 GM Financial continued to expand its prime lending programs in North America. Accordingly, GM Financial's retail penetration in North America increased to approximately 47% in the year ended December 31, 2018 from approximately 37% in 2017, due primarily to further alignment with GM and greater dealer engagement. GM Financial's prime loan originations as a percentage of total loan originations in North America increased to 72% in 2018 from 61% in 2017. In the year ended December 31, 2018 GM Financial's revenue consisted of leased vehicle income of 71%, retail finance charge income of 22%, and commercial finance charge income of 4%.

**Consolidated Results** We review changes in our results of operations under five categories: volume, mix, price, cost and other. Volume measures the impact of changes in wholesale vehicle volumes driven by industry volume, market share and changes in dealer stock levels. Mix measures the impact of changes to the regional portfolio due to product, model, trim, country and option penetration in current year wholesale vehicle volumes. Price measures the impact of changes related to Manufacturer's Suggested Retail Price and various sales allowances. Cost includes primarily: (1) material and freight; (2) manufacturing, engineering, advertising, administrative and selling and 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. We adopted Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers," as amended (ASU 2014-09) on a modified retrospective basis effective January 1, 2018. The impacts of the new standard are reflected in this MD&A. Refer to Note 2 of our consolidated financial statements or additional information.

**Total Net Sales and Revenue**

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2018	2017			Volume	Mix	Price	Other
	(Dollars in billions)							
GMNA	\$ 113,792	\$ 111,345	\$ 2,447	2.2 %	\$ 1.4	\$ (0.7)	\$ 1.4	\$ 0.3
GMI	19,148	21,920	(2,772)	(12.6)%	\$ (1.7)	\$ (0.2)	\$ 0.4	\$ (1.2)
Corporate	203	342	(139)	(40.6)%				\$ (0.1)
Automotive	133,143	133,607	(464)	(0.3)%	\$ (0.3)	\$ (0.9)	\$ 1.8	\$ (1.0)
GM Financial	14,016	12,151	1,865	15.3 %				\$ 1.9
Eliminations	(110)	(170)	60	35.3 %		\$ (0.1)		\$ 0.1
Total net sales and revenue	\$ 147,049	\$ 145,588	\$ 1,461	1.0 %	\$ (0.3)	\$ (0.9)	\$ 1.8	\$ 1.0

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	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

**Automotive and Other Cost of Sales**

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2018	2017			Volume	Mix	Cost	Other
	(Dollars in billions)							
GMNA	\$ 99,445	\$ 94,193	\$ (5,252)	(5.6)%	\$ (1.0)	\$ (0.9)	\$ (3.5)	\$ 0.1
GMI	20,418	21,478	1,060	4.9%	\$ 1.4	\$ 0.3	\$ (1.2)	\$ 0.5
Corporate	178	129	(49)	(38.0)%		\$ —	\$ 0.2	\$ (0.2)
GM Cruise	715	592	(123)	(20.8)%			\$ (0.1)	
Eliminations	(100)	(163)	(63)	(38.7)%		\$ 0.1	\$ (0.1)	
Total automotive and other cost of sales	\$ 120,656	\$ 116,229	\$ (4,427)	(3.8)%	\$ 0.5	\$ (0.5)	\$ (4.8)	\$ 0.4

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To			
	2017	2016			Volume	Mix	Cost	Other
	(Dollars in billions)							
GMNA	\$ 94,193	\$ 101,073	\$ 6,880	6.8%	\$ 8.7	\$ (2.7)	\$ 1.1	\$ (0.3)
GMI	21,478	20,459	(1,019)	(5.0)%	\$ (0.1)	\$ (0.5)	\$ (0.1)	\$ (0.3)
Corporate	129	85	(44)	(51.8)%		\$ —	\$ (0.2)	\$ 0.2
GM Cruise	592	171	(421)	n.m.			\$ (0.4)	
Eliminations	(163)	(4)	159	n.m.			\$ 0.2	\$ —
Total automotive and other cost of sales	\$ 116,229	\$ 121,784	\$ 5,555	4.6%	\$ 8.6	\$ (3.1)	\$ 0.5	\$ (0.4)

n.m. = not meaningful

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

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

In the year ended December 31, 2018 unfavorable Cost was due primarily to: (1) increased raw material and freight costs related to carryover vehicles of \$1.3 billion; (2) charges of \$1.3 billion primarily related to employee separation charges and accelerated depreciation resulting from the transformation activities; (3) increased other costs of \$1.2 billion primarily related to manufacturing, engineering and warranty; (4) increased material and freight costs of \$1.2 billion related to vehicles launched within the last twelve

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months incorporating significant exterior and/or interior changes (Majors); and (5) a net increase in charges of \$0.7 billion primarily related to asset impairments and employee separation charges in Korea in 2018, partially offset by restructuring actions in India and South Africa in 2017; partially offset by (6) favorable material performance of \$1.1 billion related to carryover vehicles. In the year ended December 31, 2018 favorable Other was due to the foreign currency effect resulting from the weakening of the Brazilian Real and other currencies, partially offset by the strengthening of various currencies against the U.S. Dollar.

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 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.

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

	Years Ended December 31,			Year Ended 2018 vs. 2017 Change		Year Ended 2017 vs. 2016 Change	
	2018	2017	2016	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
	Automotive and other selling, general and administrative expense	\$ 9,650	\$ 9,570	\$ 10,345	\$ (80)	(0.8)%	\$ 775

In the year ended December 31, 2018 Automotive and other selling, general and administrative expense increased due primarily to an increase in charges of \$0.3 billion for ignition switch related legal matters; partially offset by decreased advertising costs of \$0.3 billion.

In the year ended December 31, 2017 Automotive and other 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 ignition switch related legal matters.

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

	Years Ended December 31,			Year Ended 2018 vs. 2017 Change		Year Ended 2017 vs. 2016 Change	
	2018	2017	2016	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
	Interest income and other non-operating income, net	\$ 2,596	\$ 1,645	\$ 1,603	\$ 951	57.8%	\$ 42

In the year ended December 31, 2018 Interest income and other non-operating income, net increased due primarily to: (1) increased non-service pension and OPEB income of \$0.3 billion; (2) favorable revaluation of investments of \$0.3 billion; and (3) \$0.2 billion from licensing agreements.

***Income Tax Expense***

	Years Ended December 31,			Year Ended 2018 vs. 2017 Change		Year Ended 2017 vs. 2016 Change	
	2018	2017	2016	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
	Income tax expense	\$ 474	\$ 11,533	\$ 2,739	\$ 11,059	n.m.	\$ (8,794)

n.m. = not meaningful

In the year ended December 31, 2018 Income tax expense decreased due primarily to the absence of certain expense items which occurred in 2017, including \$7.3 billion of tax expense related to U.S. tax reform and \$2.3 billion of tax expense related to the recording of a valuation allowance on the sale of the Opel/Vauxhall Business, combined with the impact of a lower U.S. statutory tax rate and pre-tax income in 2018.

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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 earnings.

For the year ended December 31, 2018 our ETR-adjusted was 17.4%, and we expect an effective tax rate of between 16% and 18% for the year ending December 31, 2019.

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

**GM North America**

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2018	2017			Volume	Mix	Price	Cost	Other
	(Dollars in billions)								
Total net sales and revenue	\$ 113,792	\$ 111,345	\$ 2,447	2.2 %	\$ 1.4	\$ (0.7)	\$ 1.4		\$ 0.3
EBIT-adjusted	\$ 10,769	\$ 11,889	\$ (1,120)	(9.4)%	\$ 0.4	\$ (1.5)	\$ 1.4	\$ (1.7)	\$ 0.2
EBIT-adjusted margin	9.5%	10.7%	(1.2)%						
	(Vehicles in thousands)								
Wholesale vehicle sales	3,555	3,511	44	1.3 %					

  

	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)%					

**GMNA Total Net Sales and Revenue** In the year ended December 31, 2018 Total net sales and revenue increased due primarily to: (1) favorable pricing for Majors of \$1.9 billion, partially offset by unfavorable pricing for carryover vehicles of \$0.5 billion, inclusive of new revenue standard impacts; (2) increased net wholesale volumes due to an increase in sales of crossover and fleet vehicles, partially offset by a decrease in sales of passenger cars, planned downtime for full-size trucks and a decrease in sales of mid-size trucks; and (3) favorable Other due to increased sales of parts and accessories; partially offset by (4) unfavorable mix due to fleet customer, trim and other mix.

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.

**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%, 50% and 20% of our GMNA portfolio on a weighted-average basis.

In the year ended December 31, 2018 EBIT-adjusted decreased due primarily to: (1) unfavorable Cost due to increased vehicle content for Majors of \$1.3 billion and increased raw material and freight costs of \$1.1 billion, partially offset by favorable materials performance of \$1.0 billion related to carryover vehicles; and (2) unfavorable mix due to an increase in sales of crossover vehicles, fleet customer mix, trim and other mix, partially offset by decreased sales of passenger cars; partially offset by (3) favorable pricing; and (4) increased net wholesale volumes.

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.

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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.

**GM International**

	Years Ended December 31,		Favorable/ (Unfavorable)	%	Variance Due To				
	2018	2017			Volume	Mix	Price	Cost	Other
	(Dollars in billions)								
Total net sales and revenue	\$ 19,148	\$ 21,920	\$ (2,772)	(12.6)%	\$ (1.7)	\$ (0.2)	\$ 0.4		\$ (1.2)
EBIT-adjusted	\$ 423	\$ 1,300	\$ (877)	(67.5)%	\$ (0.3)	\$ 0.1	\$ 0.4	\$ (0.1)	\$ (0.9)
EBIT-adjusted margin	2.2%	5.9%	(3.7)%						
<i>Equity income — Automotive China</i>	\$ 1,981	\$ 1,976	\$ 5	0.3 %					
<i>EBIT (loss)-adjusted — excluding Equity income</i>	\$ (1,558)	\$ (676)	\$ (882)	n.m.					
	(Vehicles in thousands)								
Wholesale vehicle sales	1,152	1,267	(115)	(9.1)%					

n.m. = not meaningful

	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%						
<i>Equity income — Automotive China</i>	\$ 1,976	\$ 1,973	\$ 3	0.2%					
<i>EBIT (loss)-adjusted — excluding Equity income</i>	\$ (676)	\$ (1,206)	\$ 530	43.9%					
	(Vehicles in thousands)								
Wholesale vehicle sales	1,267	1,255	12	1.0%					

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, 2018 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes in Korea due to the closure of a facility, in Argentina primarily driven by lower industry volumes, and in Asia/Pacific due to the withdrawal from the Indian and South African markets in 2017, partially offset by an increase in Brazil primarily due to an increase in sales of the Chevrolet Onix, Tracker and Equinox; (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Brazilian Real and Argentine Peso against the U.S. Dollar; partially offset by (3) favorable pricing related to carryover vehicles in Argentina and Brazil.

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 Argentine Peso and Egyptian Pound against the U.S. Dollar and decreased parts and accessories sales in the Middle East.



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**GM EBIT-Adjusted** In the year ended December 31, 2018 EBIT-adjusted decreased due primarily to: (1) decreased wholesale volumes; and (2) unfavorable Other due primarily to the foreign currency effect resulting from the weakening of the Argentine Peso and Brazilian Real against the U.S. Dollar; partially offset by (3) favorable pricing.

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.

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 focusing its expansion in less developed cities and markets. We operate in the Chinese market through a number of joint ventures and maintaining strong relationships with our joint venture partners is an important part of our China growth strategy.

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

	Years Ended December 31,		
	2018	2017	2016
Wholesale vehicles including vehicles exported to markets outside of China	4,030	4,140	4,013
Total net sales and revenue	\$ 50,316	\$ 50,065	\$ 47,150
Net income	\$ 3,992	\$ 3,984	\$ 4,117
		<b>December 31, 2018</b>	<b>December 31, 2017</b>
Cash and cash equivalents	\$	8,609	\$ 9,202
Debt	\$	496	\$ 381

**GM Cruise**

	Years Ended December 31,			2018 vs. 2017 Change		2017 vs. 2016 Change	
	2018	2017	2016	Favorable/ (Unfavorable)	%	Favorable/ (Unfavorable)	%
EBIT (loss)-adjusted	\$ (728)	\$ (613)	\$ (171)	\$ (115)	(18.8)%	\$ (442)	n.m.

n.m. = not meaningful

**GM Cruise EBIT (Loss)-Adjusted** In the years ended December 31, 2018 and 2017 EBIT (loss)-adjusted increased due primarily to increased engineering costs as we progress towards the commercialization of autonomous vehicles.

**GM Financial**

	Years Ended December 31,			2018 vs. 2017 Change		2017 vs. 2016 Change	
	2018	2017	2016	Amount	%	Amount	%
Total revenue	\$ 14,016	\$ 12,151	\$ 8,983	\$ 1,865	15.3 %	\$ 3,168	35.3%
Provision for loan losses	\$ 642	\$ 757	\$ 644	\$ (115)	(15.2)%	\$ 113	17.5%
Earnings before income taxes-adjusted	\$ 1,893	\$ 1,196	\$ 763	\$ 697	58.3 %	\$ 433	56.7%
Average debt outstanding (dollars in billions)	\$ 85.1	\$ 74.9	\$ 54.8	\$ 10.2	13.5 %	\$ 20.1	36.7%
Effective rate of interest paid	3.8%	3.4%	3.6%	0.4%		(0.2)%	

**GM Financial Revenue** In the year ended December 31, 2018 Total revenue increased due primarily to increased leased vehicle income of \$1.4 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.

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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.

**GM Financial Earnings Before Income Taxes-Adjusted** In the year ended December 31, 2018 Earnings before income taxes-adjusted increased due primarily to: (1) increased gains on sales of terminated leased vehicles of \$0.5 billion due to stronger than expected used vehicle prices; (2) increased net leased vehicle income of \$0.4 billion due to an increase in average balance of the lease portfolio; and (3) increased finance charge income of \$0.4 billion due to an increase in the average balance of the retail and commercial finance receivables portfolios; partially offset by (4) increased interest expense of \$0.7 billion due to an increase in average debt outstanding resulting from growth in the loan and lease portfolios as well as rising benchmark interest rates.

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.

**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 \$8.0 billion to \$9.0 billion in 2019 as well as payments for engineering and product development activities; (2) payments associated with previously announced vehicle recalls, the settlements of the multi-district 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 such as our pension plans, 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. In September 2018, we used a portion of the net proceeds from the issuance of senior unsecured notes to pre-fund \$0.6 billion in certain mandatory contributions to our U.K. and Canada pension plans due in 2019 through 2021.

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 an average automotive target cash balance of \$18 billion, and returning available cash to shareholders.

As part of our capital allocation program, our Board of Directors authorized programs to purchase \$9.0 billion in aggregate of our common stock which were completed in the three months ended September 30, 2016 and 2017. We announced in January 2017 that our Board of Directors had authorized the purchase of up to an additional \$5.0 billion of our common stock with no expiration date, subsequent to completing the remaining portion of the previously announced programs. We completed \$1.6 billion of the \$5.0 billion program through December 31, 2018, which included \$0.1 billion purchased in the three months ended March 31, 2018 in conjunction with the sale of GM common stock by the UAW Retiree Medical Benefits Trust (New VEBA). From inception of the program in 2015 through January 25, 2019 we had purchased an aggregate of 302 million shares of our outstanding common stock under our common stock repurchase program for \$10.6 billion.

**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.

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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, 2018. 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. At December 31, 2017 the total size of our credit facilities was \$14.5 billion, which consisted principally of our two primary revolving credit facilities. In April 2018 we amended and restated our two existing revolving credit facilities and entered into a third facility, increasing our aggregate borrowing capacity from \$14.5 billion to \$16.5 billion. These facilities consist of a 364-day, \$2.0 billion facility, a three-year, \$4.0 billion facility and a five-year, \$10.5 billion facility. The facilities are available to us as well as certain wholly-owned subsidiaries, including GM Financial. The three-year, \$4.0 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-facility of \$1.1 billion. The five-year, \$10.5 billion facility allows for borrowings in U.S. Dollars and other currencies. The 364-day, \$2.0 billion facility allows for borrowing in U.S. Dollars only. We have allocated the 364-day, \$2.0 billion facility for exclusive use by GM Financial. Total automotive available credit under the facility remained unchanged at \$14.5 billion at December 31, 2018. In January 2019 we entered into a new three-year unsecured revolving credit facility with an initial borrowing capacity of \$3.0 billion, reducing to \$2.0 billion in July 2020. The facility will be used to fund costs related to the transformation activities announced in November 2018 and to provide additional financial flexibility.

We did not have any borrowings against our primary facilities, but had letters of credit outstanding under our sub-facility of \$0.3 billion and \$0.4 billion at December 31, 2018 and 2017. GM Financial did not have any borrowings against our credit facility designated for their exclusive use at December 31, 2018 or the remainder of our revolving credit facilities at December 31, 2018 and 2017. Refer to Note 13 to our consolidated financial statements for additional information on credit facilities. We had intercompany loans from GM Financial of \$0.6 billion and \$0.4 billion at December 31, 2018 and 2017, which consisted primarily of commercial loans to dealers we consolidate, and we had no intercompany loans to GM Financial. Refer to Note 5 of our consolidated financial statements for additional information.

In May 2018 we entered into an agreement with KDB to fund capital expenditure requirements of GM Korea. In the year ended December 31, 2018 KDB purchased \$0.7 billion of GM Korea Preferred Shares. Additionally we agreed to provide future funding to GM Korea if needed, not to exceed \$2.8 billion through December 31, 2027, inclusive of \$2.0 billion of planned capital expenditures through 2027. Refer to Note 20 to our consolidated financial statements for further details.

In September 2018 we issued \$2.1 billion in aggregate principal amount of senior unsecured notes with an initial weighted average interest rate of 5.03% and maturity dates ranging from 2021 to 2049. The notes are governed by the same indenture that was used in past issuances, which contains terms and covenants customary of these types of securities including limitations on the amount of certain secured debt we may incur. The net proceeds from the issuance of these senior unsecured notes were used to repay \$1.5 billion of debt in October 2018 upon maturity, pre-fund \$0.6 billion in certain mandatory contributions for our U.K. and Canada pension plans due in 2019 through 2021, and for other general corporate purposes.

GM Financial's Board of Directors declared and paid a dividend of \$0.4 billion on its common stock in October 2018. Future dividends from GM Financial will depend on a number of factors including business and economic conditions, its financial condition, earnings, liquidity requirements and leverage ratio.

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

	December 31, 2018	December 31, 2017
Automotive cash and cash equivalents	\$ 13.7	\$ 11.2
Marketable securities	6.0	8.3
Automotive cash, cash equivalents and marketable securities(a)(b)	19.6	19.6
GM Cruise cash and cash equivalents(c)	2.3	—
Available liquidity	21.9	19.6
Available under credit facilities	14.2	14.1
Total available liquidity(a)	\$ 36.1	\$ 33.6

(a) Amounts do not add due to rounding.

(b) Includes \$0.6 billion that is designated exclusively to fund capital expenditures in GM Korea at December 31, 2018. Refer to Note 20 to our consolidated financial statements for further details.

(c) Amounts are designated exclusively for the use of GM Cruise and do not include \$0.1 billion of GM Cruise's investment in GM stock. Refer to Note 20 to our consolidated financial statements for further details.

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

	Year Ended December 31, 2018
Operating cash flow	\$ 11.7
Capital expenditures	(8.7)
Dividends paid and payments to purchase common stock	(2.3)
Issuance of senior unsecured notes	2.1
Repayment of senior unsecured notes	(1.5)
GM investment in GM Cruise	(1.1)
Proceeds from KDB investment in GM Korea	0.7
Other non-operating	(0.7)
Total change in automotive available liquidity	\$ 0.2

*Automotive Cash Flow (Dollars in Billions)*

	Years Ended December 31,			2018 vs. 2017 Change	2017 vs. 2016 Change
	2018	2017	2016		
<b>Operating Activities</b>					
Income (loss) from continuing operations	\$ 7.1	\$ (0.2)	\$ 8.8	\$ 7.3	\$ (9.0)
Depreciation, amortization and impairment charges	6.1	5.7	5.1	0.4	0.6
Pension and OPEB activities	(3.4)	(2.6)	(4.2)	(0.8)	1.6
Working capital	0.7	1.8	2.2	(1.1)	(0.4)
Accrued and other liabilities and income taxes	1.9	8.5	3.0	(6.6)	5.5
Other	(0.7)	1.2	(0.3)	(1.9)	1.5
Net automotive cash provided by operating activities	\$ 11.7	\$ 14.4	\$ 14.6	\$ (2.7)	\$ (0.2)

In the year ended December 31, 2018 the decrease in Net automotive cash provided by operating activities was due primarily to: (1) unfavorable pre-tax earnings from continuing operations of \$3.9 billion, net of employee separation and other charges of \$1.3 billion resulting from transformation activities; (2) unfavorable Pension and OPEB activities due primarily to pension contributions of \$0.6 billion made to our U.K. and Canada pension plans; (3) less favorable Working capital due primarily to accounts receivable and accounts payable; and (4) unfavorable Other due to the increase in units returned from rental car companies of \$0.8 billion and several other insignificant items; partially offset by (5) favorable sales incentives and other accruals of \$3.6 billion; and (6) favorable re-timing of subvention payments and receivables factoring with GM Financial and other external sources of \$0.4 billion.

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In the year ended December 31, 2017 the decrease in Net automotive cash provided by operating activities was due primarily to: (1) unfavorable Income (loss) from continuing operations partially offset by the add back of \$7.3 billion 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; and (2) unfavorable 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 (3) favorable 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 (4) favorable Other due to a GM Financial dividend of \$0.6 billion and several insignificant items, partially offset by unfavorable equipment on operating leases of \$1.1 billion due to an increase in units out to daily rental car companies.

	Years Ended December 31,			2018 vs. 2017 Change	2017 vs. 2016 Change
	2018	2017	2016		
<b>Investing Activities</b>					
Capital expenditures	\$ (8.7)	\$ (8.3)	\$ (8.3)	\$ (0.4)	\$ —
Acquisitions and liquidations of marketable securities, net	2.3	3.5	(3.7)	(1.2)	7.2
GM investment in GM Cruise	(1.1)	—	—	(1.1)	—
Investment in Lyft	—	—	(0.5)	—	0.5
Other	(0.2)	(0.4)	(0.2)	0.2	(0.2)
Net automotive cash used in investing activities	\$ (7.7)	\$ (5.2)	\$ (12.7)	\$ (2.5)	\$ 7.5

	Years Ended December 31,			2018 vs. 2017 Change	2017 vs. 2016 Change
	2018	2017	2016		
<b>Financing Activities</b>					
Issuance of senior unsecured notes	\$ 2.1	\$ 3.0	\$ 2.0	\$ (0.9)	\$ 1.0
Net payments on short-term debt	(1.4)	(0.1)	—	(1.3)	(0.1)
Payments to purchase common stock	(0.1)	(4.5)	(2.5)	4.4	(2.0)
Dividends paid	(2.2)	(2.2)	(2.3)	—	0.1
Proceeds from KDB investment in GM Korea	0.7	—	—	0.7	—
Other	(0.6)	(0.4)	(0.3)	(0.2)	(0.1)
Net automotive cash used in financing activities	\$ (1.5)	\$ (4.2)	\$ (3.1)	\$ 2.7	\$ (1.1)

**Adjusted Automotive Free Cash Flow**

We measure adjusted automotive free cash flow as automotive operating cash flow from continuing operations less capital expenditures adjusted for management actions. For the year ended December 31, 2018, net automotive cash provided by operating activities under U.S. GAAP was \$11.7 billion, capital expenditures were \$8.7 billion and an adjustment for management actions related to restructuring in Korea was \$0.8 billion.

For the year ended December 31, 2017, net automotive cash provided by operating activities under U.S. GAAP was \$14.4 billion, capital expenditures were \$8.3 billion, and adjustments resulting from the sale of the European Business included an adjustment related to a U.K. pension plan contribution of \$0.2 billion and a reduction adjustment related to a dividend received from GM Financial of \$0.6 billion.

For the year ended December 31, 2016, net automotive cash provided by operating activities under U.S. GAAP was \$14.6 billion, capital expenditures were \$8.3 billion, and an adjustment for discretionary U.S. pension plan contributions was \$2.0 billion.

**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 25, 2019:

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

In March 2018 DBRS Limited revised their outlook to Positive from Stable. All other credit ratings remained unchanged from January 1, 2018 through January 25, 2019.

***GM Cruise Liquidity***

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

	Year Ended December 31, 2018
Operating cash flow	\$ (0.6)
Issuance of GM Cruise Preferred Shares to SoftBank	0.9
Issuance of GM Cruise Common Shares to Honda	0.8
GM investment in GM Cruise	1.1
Other non-operating	0.2
Total change in GM Cruise available liquidity	\$ 2.4

When GM Cruise's autonomous vehicles are ready for commercial deployment, SoftBank is obligated to purchase additional GM Cruise Preferred Shares for \$1.35 billion, subject to regulatory approval. In addition, Honda agreed to contribute approximately \$2.0 billion primarily in the form of a long-term annual fee to GM Cruise Holdings for certain rights to use GM Cruise Holdings' trade names and trademarks and the exclusive right to partner with GM Cruise Holdings to develop, deploy, and maintain a foreign market.

***GM Cruise Cash Flow (Dollars in Billions)***

	Years Ended December 31,			2018 vs. 2017 Change	2017 vs. 2016 Change
	2018	2017	2016		
Net cash used in operating activities	\$ (0.6)	\$ (0.5)	\$ (0.1)	\$ (0.1)	\$ (0.4)
Net cash used in investing activities	\$ (0.1)	\$ (0.1)	\$ (0.3)	\$ —	\$ 0.2
Net cash provided by financing activities	\$ 3.0	\$ 0.6	\$ 0.4	\$ 2.4	\$ 0.2

In the year ended December 31, 2017 Net cash used in operating activities increased due primarily to unfavorable income from operations.

In the year ended December 31, 2018 Net cash provided by financing activities increased due primarily to the GM investment in GM Cruise, proceeds from the issuance of GM Cruise Preferred Shares to SoftBank, and proceeds from the issuance of GM Cruise Common Shares to Honda.

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**Automotive Financing – GM Financial Liquidity** GM Financial's primary sources of cash are finance charge income, leasing income and proceeds from the sale of terminated leased vehicles, net distributions from credit facilities, including securitizations, secured and unsecured borrowings and collections and recoveries on finance receivables. GM Financial's primary uses of cash are purchases of retail finance receivables and leased vehicles, the funding of commercial finance receivables, repayment of secured and unsecured debt, funding credit enhancement requirements in connection with securitizations and secured debt facilities, operating expenses, and interest costs. In September 2018 GM Financial issued \$0.5 billion of Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series B, \$0.01 par value, with a liquidation preference of \$1,000 per share. In September 2017 GM Financial issued \$1.0 billion of Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series A, \$0.01 par value, with a liquidation preference of \$1,000 per share. Refer to Note 20 to our consolidated financial statements for further details. The following table summarizes GM Financial's available liquidity (dollars in billions):

	December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 4.9	\$ 4.3
Borrowing capacity on unpledged eligible assets	18.0	12.5
Borrowing capacity on committed unsecured lines of credit	0.3	0.1
Borrowing capacity on revolving credit facility, exclusive to GM Financial	2.0	—
<b>Total GM Financial available liquidity</b>	<b>\$ 25.2</b>	<b>\$ 16.9</b>

In the year ended December 31, 2018 available liquidity increased due primarily to an increase in cash and additional capacity on new and renewed secured revolving credit facilities, resulting from the issuance of securitizations and unsecured debt. In addition, GM Financial added \$2.0 billion in borrowing capacity on our 364-day credit facility as described in the Automotive Liquidity section of this MD&A.

GM Financial has access to our revolving credit facilities of \$16.5 billion with exclusive access to the 364-day, \$2.0 billion facility. Refer to the Automotive Liquidity section of this MD&A for additional details. We have a support agreement with GM Financial which, among other things, establishes commitments of funding from us to GM Financial. This agreement also provides that we will continue to own all of GM Financial's outstanding voting shares so long as any unsecured debt securities remain outstanding at GM Financial. In addition we are required to use our commercially reasonable efforts to ensure GM Financial remains a subsidiary borrower under our corporate revolving credit facilities.

**Credit Facilities** In the normal course of business, in addition to using its available cash, GM Financial utilizes borrowings under its credit facilities, which may be secured or unsecured, and GM Financial repays these borrowings as appropriate under its cash management strategy. At December 31, 2018 secured, committed unsecured and uncommitted unsecured credit facilities totaled \$26.4 billion, \$0.4 billion and \$2.0 billion with advances outstanding of \$3.4 billion, an insignificant amount and \$2.0 billion.

*GM Financial Cash Flow (Dollars in Billions)*

	Years Ended December 31,			2018 vs. 2017 Change	2017 vs. 2016 Change
	2018	2017	2016		
Net cash provided by operating activities	\$ 7.4	\$ 6.5	\$ 4.7	\$ 0.9	\$ 1.8
Net cash used in investing activities	\$ (17.5)	\$ (21.9)	\$ (23.7)	\$ 4.4	\$ 1.8
Net cash provided by financing activities	\$ 11.1	\$ 16.1	\$ 19.1	\$ (5.0)	\$ (3.0)

In the years ended December 31, 2018 and 2017 Net cash provided by operating activities increased due primarily to an increase in leased vehicle income and finance charge income, partially offset by increased interest expense.

In the year ended December 31, 2018 Net cash used in investing activities decreased due primarily to: (1) increased collections on finance receivables of \$4.5 billion; (2) increased proceeds from the termination of leased vehicles of \$4.2 billion; and (3) decreased purchases of leased vehicles of \$2.4 billion; partially offset by (4) increased purchases and funding of finance receivables of \$6.8 billion.

In the year ended December 31, 2017 Net cash used in investing activities decreased due primarily to: (1) increased proceeds from the termination of leased vehicles of \$4.1 billion; (2) increased collections and recoveries on retail finance receivables of

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\$3.0 billion; and (3) decreased purchases of leased vehicles of \$0.3 billion; partially offset by (4) increased net purchases of retail finance receivables of \$5.5 billion.

In the year ended December 31, 2018 Net cash provided by financing activities decreased due primarily to a decrease in borrowing, net of payments, of \$4.6 billion and a decrease in the issuance of preferred stock of \$0.5 billion.

In the year ended December 31, 2017 Net cash provided by financing activities decreased due primarily to an increase in repayments of \$12.4 billion and a special dividend payment to GM of \$0.6 billion, partially offset by an increase in borrowings of \$9.0 billion and the issuance of preferred stock of \$1.0 billion.

**Off-Balance Sheet Arrangements** We do not currently utilize off-balance sheet securitization arrangements. All trade or finance receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2018 and 2017. Refer to Note 16 of our consolidated financial statements for detailed information related to guarantees we have provided and for our noncancelable operating lease obligations.

**Contractual Obligations and Other Long-Term Liabilities** We have minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including fixed or minimum quantities to be purchased or fixed minimum price provisions and the approximate timing of the transaction. Based on these definitions, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities. The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2018:

	Payments Due by Period				
	2019	2020-2021	2022-2023	2024 and after	Total
Automotive debt	\$ 812	\$ 1,002	\$ 1,552	\$ 10,568	\$ 13,934
Automotive Financing debt	31,045	38,191	12,513	9,937	91,686
Capital lease obligations	137	92	41	258	528
Automotive interest payments(a)	743	1,430	1,365	9,725	13,263
Automotive Financing interest payments(b)	2,811	2,994	1,198	714	7,717
Postretirement benefits(c)	250	25	—	—	275
Operating lease obligations, net	235	438	255	453	1,381
Other contractual commitments:					
Material	1,235	669	174	118	2,196
Marketing	819	282	18	25	1,144
Rental car repurchases	405	—	—	—	405
Other	1,010	429	106	218	1,763
Total contractual commitments(d)	\$ 39,502	\$ 45,552	\$ 17,222	\$ 32,016	\$ 134,292
Non-contractual benefits(e)	\$ 317	\$ 983	\$ 944	\$ 10,229	\$ 12,473

(a) Amounts include automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2018.

(b) GM Financial interest payments were determined using the interest rate in effect at December 31, 2018 for floating rate debt and the contractual rates for fixed rate debt. GM Financial interest payments on floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(c) Amounts include OPEB payments under the current U.S. contractual labor agreements through 2019 and Canada labor agreements through 2021. These agreements are generally renegotiated in the year of expiration. Amounts do not include pension funding obligations, which are discussed in Note 15 to our consolidated financial statements.

(d) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2018.

(e) Amounts include all expected future payments for both current and expected future service at December 31, 2018 for OPEB obligations for salaried and hourly employees extending beyond the current North American union contract agreements, workers' compensation and extended disability benefits. Amounts do not include pension funding obligations, which are discussed in Note 15 to our consolidated financial statements.



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The table above does not reflect product warranty and related liabilities, certified pre-owned, extended warranty and free maintenance of \$8.5 billion and unrecognized tax benefits of \$1.3 billion due to the uncertainty regarding the future cash outflows potentially associated with these amounts. In addition, future cash outflows related to transformation activities announced in November 2018 are not included in the table above. Refer to Note 18 of our consolidated financial statements for additional information. To fund costs associated with transformation activities, we entered into a new three-year committed unsecured revolving credit facility in January 2019, with an initial borrowing capacity of \$3.0 billion reducing to \$2.0 billion in July 2020.

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

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

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

The estimates related to recall campaigns accrued at the time of vehicle sale are established by applying a frequency times severity approach that considers the number of recall campaigns, the number of vehicles per recall campaign, the assumed number of vehicles that will be brought in by customers for repair (take rate) and the cost per vehicle for each recall campaign. These estimates consider the nature, frequency and magnitude of historical recall campaigns. Costs associated with recall campaigns not accrued at the time of vehicle sale are estimated based on the estimated cost of repairs and the estimated vehicles to be repaired. Depending on part availability and time to complete repairs we may, from time to time, offer courtesy transportation at no cost to our customers. These estimates are re-evaluated on an ongoing basis and based on the best available information. Revisions are made when necessary based on changes in these factors.

The estimated amount accrued for recall campaigns at the time of vehicle sale is most sensitive to the estimated number of recall events, the number of vehicles per recall event, the take rate, and the cost per vehicle for each recall event. The estimated cost of a recall campaign that is accrued on an individual basis is most sensitive to our estimated assumed take rate that is primarily developed based on our historical take rate experience. A 10% increase in the estimated take rate for all recall campaigns would increase the estimated cost by approximately \$0.2 billion.

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

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

**Valuation of GM Financial Equipment on Operating Leases Assets and Residuals** GM Financial has investments in leased vehicles recorded as operating leases, which relate to vehicle leases to retail customers with lease terms which typically range from two to five years. At the beginning of the lease an estimate is made of the expected residual value at the end of the lease term. The expected residual value is based on third-party data which considers inputs including recent auction values, the expected future volume of returning leased vehicles, used vehicle prices, manufacturer incentive programs and fuel prices. Realization of the

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

residual values is dependent on the future ability to market the vehicles under prevailing market conditions. The customer is obligated to make payments during the term of the lease for the difference between the purchase price and the contract residual value plus a money factor. Since the customer is not obligated to purchase the vehicle prior to or at the end of the contract, we are exposed to a risk of loss to the extent the customer returns the vehicle at the end of the lease term and the value of the vehicle is below the expected residual value estimated at the inception of the lease.

The following table summarizes vehicles included in GM Financial equipment on operating leases, net (vehicles in thousands):

	December 31, 2018	December 31, 2017
Cars	379	450
Trucks	296	285
Crossovers	917	818
SUVs	111	99
Total	1,703	1,652

At December 31, 2018 the estimated residual value of our leased assets at the end of the lease term was \$31.4 billion. We periodically review the adequacy of the depreciation rates. If we believe that the expected residual values of the leased assets have changed, we revise the depreciation rate to ensure the net investment in the operating leases reflects the revised estimate of expected residual value at the end of the lease term. Such adjustments to the depreciation rate would result in a change in depreciation expense on leased assets which is recorded prospectively on a straight-line basis. The following table illustrates the effect of a 1% change in the estimated residual values at December 31, 2018, which would increase or decrease depreciation expense over the remaining term of our operating lease portfolio, holding all other assumptions constant:

	Impact to Depreciation Expense
Cars	\$ 49
Trucks	73
Crossovers	150
SUVs	42
Total	\$ 314

We also evaluate the carrying value of the operating leases aggregated by vehicle make, year and model into leased asset groups, check for indicators of impairment and test for impairment to the extent necessary in accordance with applicable accounting standards. A leased asset group is considered impaired if impairment indicators exist and the undiscounted expected future cash flows (including the expected residual value) are lower than the carrying value of the asset group. We believe no impairment indicators existed during 2018, 2017 or 2016.

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

In December 2018 an investment policy study was completed for the U.S. pension plans. As a result of changes to our capital market assumptions the weighted-average long-term rate of return on assets decreased from 6.6% at December 31, 2017 to 6.4% at December 31, 2018. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

rate to determine the service cost and interest cost, which more specifically links the cash flows related to service cost and interest cost to bonds maturing in their year of payment.

The Society of Actuaries (SOA) issued mortality improvement tables in the three months ended December 31, 2018. We reviewed our recent mortality experience and have updated our base mortality assumptions in the U.S. This change in assumption decreased the December 31, 2018 U.S. pension and OPEB plans' obligations by \$0.3 billion. We determined our current mortality assumptions are appropriate to measure our December 31, 2018 U.S. pension and OPEB plans obligations.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to pension expense over future periods. The unamortized pre-tax actuarial loss on our pension plans was \$4.7 billion and \$4.0 billion at December 31, 2018 and 2017. The year-over-year change is primarily due to lower than expected asset returns partially offset by the increase in discount rates. At December 31, 2018 \$2.1 billion of the unamortized pre-tax actuarial loss is outside the corridor (primarily 10% of the projected benefit obligation (PBO)) and subject to amortization. The weighted-average amortization period is approximately sixteen years resulting in amortization expense of \$0.1 billion in 2019.

The underfunded status of the U.S. pension plans decreased by \$0.7 billion in the year ended December 31, 2018 to \$5.1 billion due primarily to: (1) a favorable effect of an increase in discount rates of \$4.1 billion; and (2) other favorable changes including contributions, demographic gains and assumption changes of \$0.3 billion; partially offset by (3) service and interest cost of \$2.3 billion; and (4) an unfavorable effect of actual returns on plan assets of \$1.4 billion.

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

	U.S. Plans(a)		Non-U.S. Plans(a)	
	Effect on 2019 Pension Expense	Effect on December 31, 2018 PBO	Effect on 2019 Pension Expense	Effect on December 31, 2018 PBO
25 basis point decrease in discount rate	-\$80	+\$1,480	+\$19	+\$589
25 basis point increase in discount rate	+\$80	-\$1,420	+\$11	-\$564
25 basis point decrease in expected rate of return on assets	+\$140	N/A	+\$33	N/A
25 basis point increase in expected rate of return on assets	-\$140	N/A	-\$33	N/A

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

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

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

**Forward-Looking Statements** In this 2018 Form 10-K and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “aim,” “anticipate,” “appears,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analysis based on our experience and perception of historical trends, current conditions and expected

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future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following: (1) our ability to deliver new products, services and customer experiences in response to increased competition in the automotive industry; (2) our ability to timely fund and introduce new and improved vehicle models that are able to attract a sufficient number of consumers; (3) the success of our crossovers, SUVs and full-size pick-up trucks; (4) our ability to successfully and cost-effectively restructure our operations in the U.S. and various other countries and initiate additional cost reduction actions with minimal disruption; (5) our ability to reduce the costs associated with the manufacture and sale of electric vehicles and drive increased consumer adoption; (6) unique technological, operational and regulatory risks related to our autonomous vehicle regulations; (7) global automobile market sales volume, which can be volatile; (8) our significant business in China which is subject to unique operational, competitive and regulatory risks as well as economic conditions in China; (9) our joint ventures, which we cannot operate solely for our benefit and over which we may have limited control; (10) the international scale and footprint of our operations which exposes us to a variety of political, economic and regulatory risks, including the risk of changes in government leadership and laws (including labor, tax and other laws), political instability and economic tensions between governments and changes in international trade policies, new barriers to entry and changes to or withdrawals from free trade agreements, changes in foreign exchange rates and interest rates, economic downturns in foreign countries, differing local product preferences and product requirements, compliance with U.S. and foreign countries' export controls and economic sanctions, differing labor regulations, requirements and union relationships, differing dealer and franchise regulations and relationships, and difficulties in obtaining financing in foreign countries; (11) any significant disruption at one of our manufacturing facilities could disrupt our production schedule; (12) the ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules; (13) prices of raw materials used by us and our suppliers; (14) our highly competitive industry, which is characterized by excess manufacturing capacity and the use of incentives and the introduction of new and improved vehicle models by our competitors; (15) the possibility that competitors may independently develop products and services similar to ours or that our intellectual property rights are not sufficient to prevent competitors from developing or selling those products or services; (16) our ability to manage risks related to security breaches and other disruptions to our vehicles, information technology networks and systems; (17) our ability to comply with increasingly complex, restrictive, and punitive regulations relating to our enterprise data practices, including the collection, use, sharing, and security of the Personal Identifiable Information of our customers, employees, or suppliers; (18) our ability to comply with extensive laws and regulations applicable to our industry, including those regarding fuel economy and emissions and autonomous vehicles; (19) costs and risks associated with litigation and government investigations; (20) the cost and effect on our reputation of product safety recalls and alleged defects in products and services; (21) any additional tax expense or exposure; (22) our continued ability to develop captive financing capability through GM Financial; and (23) significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets or the discount rate applied to value the pension liabilities or mortality or other assumption changes. A further list and description of these risks, uncertainties and other factors can be found in this 2018 Form 10-K and our subsequent filings with the SEC.

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

\* \* \* \* \*

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

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

**Automotive** The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk and interest rate risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates and interest rate yield curves. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect

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of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates change in a parallel fashion and that spot exchange rates change instantaneously. In addition the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency exposures, offsetting long-short positions in currency or other exposures such as interest rates which may significantly reduce the potential loss in value.

**Foreign Currency Exchange Rate Risk** We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of our operations. At December 31, 2018 our most significant foreign currency exposures were between the U.S. Dollar and the Canadian Dollar, Brazilian Real, Euro, Chinese Yuan, Australian Dollar, Mexican Peso, and Argentine Peso. Derivative instruments such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. Such contracts had remaining maturities of up to 12 months at December 31, 2018.

The net fair value liability of financial instruments with exposure to foreign currency risk was \$0.9 billion and \$0.8 billion at December 31, 2018 and 2017. These amounts are calculated utilizing a population of foreign currency exchange derivatives and foreign currency denominated debt and exclude the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would have been \$0.1 billion at December 31, 2018 and 2017.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. We had foreign currency derivatives with notional amounts of \$2.7 billion and \$4.0 billion at December 31, 2018 and 2017. The fair value of these derivative financial instruments was insignificant. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

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

	Years Ended December 31,	
	2018	2017
Translation (gains) losses recorded in Accumulated other comprehensive loss	\$ 353	\$ (275)
Transaction and remeasurement losses recorded in earnings	\$ 156	\$ 43

**Interest Rate Risk** We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities. We did not have any interest rate swap positions to manage interest rate exposures in our automotive operations at December 31, 2018 and 2017. The fair value liability of debt and capital leases was \$13.5 billion and \$15.1 billion at December 31, 2018 and 2017. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would have been \$0.8 billion and \$0.7 billion at December 31, 2018 and 2017.

We had marketable securities of \$6.0 billion and \$8.3 billion classified as available-for-sale at December 31, 2018 and 2017. The potential decrease in fair value from a 50 basis point increase in interest rates would have had an insignificant effect at December 31, 2018 and 2017.

**Automotive Financing - GM Financial**

**Interest Rate Risk** Fluctuations in market interest rates can affect GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid on debt. Typically retail finance receivables purchased by GM Financial bear fixed interest rates and are funded by variable or fixed rate debt. Commercial finance receivables originated by GM Financial bear variable interest rates and are funded by variable rate debt. The variable rate debt is subject to adjustments to reflect prevailing market interest rates. To help mitigate interest rate risk or mismatched funding, GM Financial may employ hedging strategies to lock in the interest rate spread.

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

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

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

Under these interest rate scenarios, we are asset-sensitive, meaning that we expect more assets than liabilities to re-price within the next twelve months. During a period of rising interest rates, the interest earned on our assets will increase more than the interest paid on our debt, which would initially increase our net interest income. During a period of falling interest rates, we would expect our net interest income to initially decrease. The following table presents our net interest income sensitivity to interest rate movement:

	Years Ended December 31,	
	2018	2017
One hundred basis points instantaneous increase in interest rates	\$ 10.7	\$ 19.4
One hundred basis points instantaneous decrease in interest rates(a)	\$ (10.7)	\$ (19.4)

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

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

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

GM Financial primarily finances its receivables and leased assets with debt in the same currency. When a different currency is used GM Financial may use foreign currency swaps to convert substantially all of its foreign currency debt obligations to the local currency of the receivables and lease assets to minimize any impact to earnings.

GM Financial had foreign currency swaps with notional amounts of \$3.9 billion and \$2.8 billion at December 31, 2018 and 2017. The fair value of these derivative financial instruments was insignificant.

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

	Years Ended December 31,	
	2018	2017
Translation (gains) losses recorded in Accumulated other comprehensive loss	\$ 291	\$ (474)
Transaction and remeasurement losses, net recorded in earnings	\$ 12	\$ 9

\* \* \* \* \*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

**Opinion on the Financial Statements**

We have audited the accompanying Consolidated Balance Sheet of General Motors Company and subsidiaries (the Company) as of December 31, 2018, the related Consolidated Statements of Income, Comprehensive Income, Cash Flows, and Equity for the year ended December 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 6, 2019 expressed an unqualified opinion thereon.

**Adoption of Accounting Standards Update (ASU) No. 2014-09**

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for revenue from contracts with customers in 2018 due to the adoption of ASU No. 2014-09, "Revenue from Contracts with Customers," as amended.

**Basis for Opinion**

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

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

/s/ ERNST & YOUNG LLP

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

Detroit, Michigan  
February 6, 2019

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

### Opinion on Internal Control over Financial Reporting

We have audited General Motors Company and subsidiaries' internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, General Motors Company and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Consolidated Balance Sheet of the Company as of December 31, 2018, the related Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for the year ended December 31, 2018, and the related notes and our report dated February 6, 2019 expressed an unqualified opinion thereon.

### Basis for Opinion

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

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

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

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

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

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

/s/ ERNST & YOUNG LLP

Detroit, Michigan

February 6, 2019



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of General Motors Company:

**Opinion on the Financial Statements**

We have audited the accompanying Consolidated Balance Sheet of General Motors Company and subsidiaries (the "Company") as of December 31, 2017, the related Consolidated Statements of Income, Comprehensive Income, Cash Flows, and Equity for the years ended December 31, 2017 and 2016, and the related notes (collectively referred to as the "financial statements"). In our opinion, the 2017 and 2016 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for the years ended December 31, 2017 and 2016, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

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

/s/ Deloitte & Touche LLP

Detroit, Michigan

February 6, 2018 (July 25, 2018 as to Note 25, *Segment Reporting*)

We began serving as the Company's auditor in 1918. In 2018 we became the predecessor auditor.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**
**Item 8. Financial Statements and Supplementary Data**
**CONSOLIDATED INCOME STATEMENTS**  
(In millions, except per share amounts)

	Years Ended December 31,		
	2018	2017	2016
<b>Net sales and revenue</b>			
Automotive	\$ 133,045	\$ 133,449	\$ 140,205
GM Financial	14,004	12,139	8,979
Total net sales and revenue (Note 3)	<u>147,049</u>	<u>145,588</u>	<u>149,184</u>
<b>Costs and expenses</b>			
Automotive and other cost of sales	120,656	116,229	121,784
GM Financial interest, operating and other expenses	12,298	11,128	8,369
Automotive and other selling, general and administrative expense	9,650	9,570	10,345
Total costs and expenses	<u>142,604</u>	<u>136,927</u>	<u>140,498</u>
Operating income	4,445	8,661	8,686
Automotive interest expense	655	575	563
Interest income and other non-operating income, net (Note 19)	2,596	1,645	1,603
Equity income (Note 8)	2,163	2,132	2,282
Income before income taxes	8,549	11,863	12,008
Income tax expense (Note 17)	474	11,533	2,739
Income from continuing operations	8,075	330	9,269
Loss from discontinued operations, net of tax (Note 22)	70	4,212	1
<b>Net income (loss)</b>	8,005	(3,882)	9,268
Net loss attributable to noncontrolling interests	9	18	159
<b>Net income (loss) attributable to stockholders</b>	<u>\$ 8,014</u>	<u>\$ (3,864)</u>	<u>\$ 9,427</u>
<b>Net income (loss) attributable to common stockholders</b>	\$ 7,916	\$ (3,880)	\$ 9,427
<b>Earnings per share (Note 21)</b>			
Basic earnings per common share – continuing operations	\$ 5.66	\$ 0.23	\$ 6.12
Basic loss per common share – discontinued operations	\$ 0.05	\$ 2.88	\$ —
Basic earnings (loss) per common share	\$ 5.61	\$ (2.65)	\$ 6.12
Weighted-average common shares outstanding – basic	1,411	1,465	1,540
Diluted earnings per common share – continuing operations	\$ 5.58	\$ 0.22	\$ 6.00
Diluted loss per common share – discontinued operations	\$ 0.05	\$ 2.82	\$ —
Diluted earnings (loss) per common share	\$ 5.53	\$ (2.60)	\$ 6.00
Weighted-average common shares outstanding – diluted	1,431	1,492	1,570

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

	Years Ended December 31,		
	2018	2017	2016
<b>Net income (loss)</b>	\$ 8,005	\$ (3,882)	\$ 9,268
<b>Other comprehensive income (loss), net of tax (Note 20)</b>			
Foreign currency translation adjustments and other	(715)	747	(384)
Defined benefit plans	(221)	570	(969)
Other comprehensive income (loss), net of tax	<u>(936)</u>	<u>1,317</u>	<u>(1,353)</u>
<b>Comprehensive income (loss)</b>	7,069	(2,565)	7,915
Comprehensive loss attributable to noncontrolling interests	15	20	218
<b>Comprehensive income (loss) attributable to stockholders</b>	<u>\$ 7,084</u>	<u>\$ (2,545)</u>	<u>\$ 8,133</u>

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

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

ASSETS	December 31, 2018	December 31, 2017
<b>Current Assets</b>		
Cash and cash equivalents	\$ 20,844	\$ 15,512
Marketable securities (Note 4)	5,966	8,313
Accounts and notes receivable (net of allowance of \$211 and \$278)	6,549	8,164
GM Financial receivables, net (Note 5; Note 11 at VIEs)	26,850	20,521
Inventories (Note 6)	9,816	10,663
Equipment on operating leases, net (Note 7)	247	1,106
Other current assets (Note 4; Note 11 at VIEs)	5,021	4,465
Total current assets	75,293	68,744
<b>Non-current Assets</b>		
GM Financial receivables, net (Note 5; Note 11 at VIEs)	25,083	21,208
Equity in net assets of nonconsolidated affiliates (Note 8)	9,215	9,073
Property, net (Note 9)	38,758	36,253
Goodwill and intangible assets, net (Note 10)	5,579	5,849
Equipment on operating leases, net (Note 7; Note 11 at VIEs)	43,559	42,882
Deferred income taxes (Note 17)	24,082	23,544
Other assets (Note 4; Note 11 at VIEs)	5,770	4,929
Total non-current assets	152,046	143,738
<b>Total Assets</b>	<b>\$ 227,339</b>	<b>\$ 212,482</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable (principally trade)	\$ 22,297	\$ 23,929
Short-term debt and current portion of long-term debt (Note 13)		
Automotive	935	2,515
GM Financial (Note 11 at VIEs)	30,956	24,450
Accrued liabilities (Note 12)	28,049	25,996
Total current liabilities	82,237	76,890
<b>Non-current Liabilities</b>		
Long-term debt (Note 13)		
Automotive	13,028	10,987
GM Financial (Note 11 at VIEs)	60,032	56,267
Postretirement benefits other than pensions (Note 15)	5,370	5,998
Pensions (Note 15)	11,538	13,746
Other liabilities (Note 12)	12,357	12,394
Total non-current liabilities	102,325	99,392
<b>Total Liabilities</b>	<b>184,562</b>	<b>176,282</b>
Commitments and contingencies (Note 16)		
<b>Equity (Note 20)</b>		
Common stock, \$0.01 par value	14	14
Additional paid-in capital	25,563	25,371
Retained earnings	22,322	17,627
Accumulated other comprehensive loss	(9,039)	(8,011)
Total stockholders' equity	38,860	35,001
Noncontrolling interests	3,917	1,199
<b>Total Equity</b>	<b>42,777</b>	<b>36,200</b>
<b>Total Liabilities and Equity</b>	<b>\$ 227,339</b>	<b>\$ 212,482</b>

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

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

	Years Ended December 31,		
	2018	2017	2016
<b>Cash flows from operating activities</b>			
Income from continuing operations	\$ 8,075	\$ 330	\$ 9,269
Depreciation and impairment of Equipment on operating leases, net	7,604	6,805	4,804
Depreciation, amortization and impairment charges on Property, net	6,065	5,456	5,015
Foreign currency remeasurement and transaction losses	168	52	229
Undistributed earnings of nonconsolidated affiliates, net	(141)	(132)	(15)
Pension contributions and OPEB payments	(2,069)	(1,636)	(3,454)
Pension and OPEB income, net	(1,280)	(934)	(769)
Provision (benefit) for deferred taxes	(112)	10,880	2,228
Change in other operating assets and liabilities (Note 26)	(1,376)	(3,015)	580
Other operating activities	(1,678)	(468)	(894)
Net cash provided by operating activities – continuing operations	15,256	17,338	16,993
Net cash used in operating activities – discontinued operations	—	(10)	(386)
<b>Net cash provided by operating activities</b>	<b>15,256</b>	<b>17,328</b>	<b>16,607</b>
<b>Cash flows from investing activities</b>			
Expenditures for property	(8,761)	(8,453)	(8,384)
Available-for-sale marketable securities, acquisitions	(2,820)	(5,503)	(15,182)
Trading marketable securities, acquisitions	—	—	(262)
Available-for-sale marketable securities, liquidations	5,108	9,007	10,871
Trading marketable securities, liquidations	—	—	872
Acquisition of companies/investments, net of cash acquired	(83)	(41)	(804)
Purchases of finance receivables, net	(25,671)	(19,325)	(14,378)
Principal collections and recoveries on finance receivables	17,048	12,578	9,899
Purchases of leased vehicles, net	(16,736)	(19,180)	(19,495)
Proceeds from termination of leased vehicles	10,864	6,667	2,554
Other investing activities	122	178	162
Net cash used in investing activities – continuing operations	(20,929)	(24,072)	(34,147)
Net cash provided by (used in) investing activities – discontinued operations (Note 22)	166	(3,500)	(1,496)
<b>Net cash used in investing activities</b>	<b>(20,763)</b>	<b>(27,572)</b>	<b>(35,643)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term debt	1,186	(140)	(282)
Proceeds from issuance of debt (original maturities greater than three months)	43,801	52,187	42,036
Payments on debt (original maturities greater than three months)	(33,323)	(33,592)	(20,727)
Payments to purchase common stock	(190)	(4,492)	(2,500)
Proceeds from issuance of subsidiary preferred and common stock (Note 20)	2,862	985	—
Dividends paid	(2,242)	(2,233)	(2,368)
Other financing activities	(640)	(305)	(163)
Net cash provided by financing activities – continuing operations	11,454	12,410	15,996
Net cash provided by financing activities – discontinued operations	—	174	1,081
<b>Net cash provided by financing activities</b>	<b>11,454</b>	<b>12,584</b>	<b>17,077</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(299)	348	(213)
Net increase (decrease) in cash, cash equivalents and restricted cash	5,648	2,688	(2,172)
Cash, cash equivalents and restricted cash at beginning of period	17,848	15,160	17,332
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 23,496</b>	<b>\$ 17,848</b>	<b>\$ 15,160</b>
Cash, cash equivalents and restricted cash – continuing operations at end of period (Note 4)	\$ 23,496	\$ 17,848	\$ 14,487
Cash, cash equivalents and restricted cash – discontinued operations at end of period	\$ —	\$ —	\$ 673
<b>Significant Non-cash Investing and Financing Activity</b>			
Non-cash property additions – continuing operations	\$ 3,813	\$ 3,996	\$ 3,897
Non-cash property additions – discontinued operations	\$ —	\$ —	\$ 868
Non-cash business acquisition – continuing operations	\$ —	\$ —	\$ 290
Non-cash proceeds on sale of discontinued operations (Note 22)	\$ —	\$ 808	\$ —

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

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

	Common Stockholders'				Noncontrolling Interests	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss		
<b>Balance at January 1, 2016</b>	\$ 15	\$ 27,607	\$ 20,285	\$ (8,036)	\$ 452	\$ 40,323
Net income	—	—	9,427	—	(159)	9,268
Other comprehensive loss	—	—	—	(1,294)	(59)	(1,353)
Issuance of common stock	—	290	—	—	—	290
Purchase of common stock	—	(1,320)	(1,180)	—	—	(2,500)
Exercise of common stock warrants	—	89	—	—	—	89
Stock based compensation	—	317	(27)	—	—	290
Cash dividends paid on common stock	—	—	(2,337)	—	—	(2,337)
Dividends to noncontrolling interests	—	—	—	—	(31)	(31)
Other	—	—	—	—	36	36
<b>Balance at December 31, 2016</b>	15	26,983	26,168	(9,330)	239	44,075
Net loss	—	—	(3,864)	—	(18)	(3,882)
Other comprehensive income	—	—	—	1,319	(2)	1,317
Purchase of common stock	(1)	(2,063)	(2,428)	—	—	(4,492)
Exercise of common stock warrants	—	43	—	—	—	43
Issuance of subsidiary preferred stock (Note 20)	—	—	—	—	985	985
Stock based compensation	—	468	(34)	—	—	434
Cash dividends paid on common stock	—	—	(2,215)	—	—	(2,215)
Dividends to noncontrolling interests	—	—	—	—	(18)	(18)
Other	—	(60)	—	—	13	(47)
<b>Balance at December 31, 2017</b>	14	25,371	17,627	(8,011)	1,199	36,200
Adoption of accounting standards (Note 2)	—	—	(1,046)	(98)	—	(1,144)
Net income	—	—	8,014	—	(9)	8,005
Other comprehensive loss	—	—	—	(930)	(6)	(936)
Purchase of common stock	—	(91)	(99)	—	—	(190)
Issuance of subsidiary preferred and common stock (Note 20)	—	—	—	—	2,862	2,862
Stock based compensation	—	287	—	—	—	287
Cash dividends paid on common stock	—	—	(2,144)	—	—	(2,144)
Dividends to noncontrolling interests	—	—	—	—	(169)	(169)
Other	—	(4)	(30)	—	40	6
<b>Balance at December 31, 2018</b>	<u>\$ 14</u>	<u>\$ 25,563</u>	<u>\$ 22,322</u>	<u>\$ (9,039)</u>	<u>\$ 3,917</u>	<u>\$ 42,777</u>

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

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

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

General Motors Company was incorporated as a Delaware corporation in 2009. We design, build and sell trucks, crossovers, cars and automobile parts worldwide and are investing in and growing an autonomous ride-sharing vehicle business. We also provide automotive financing services through GM Financial. We analyze the results of our continuing operations through the following segments: GMNA, GMI, GM Cruise and GM Financial. GM Cruise is our global segment responsible for the development and commercialization of autonomous vehicle technology. As a result of the growing importance of our autonomous vehicle operations, we moved these operations from Corporate to GM Cruise and began presenting GM Cruise as a new reportable segment in 2018. All periods presented have been recast to reflect the segment changes. Nonsegment operations and Maven, our ride- and car-sharing business, are classified as Corporate. Corporate includes certain centrally recorded income and costs such as interest, income taxes, corporate expenditures and certain nonsegment specific revenues and expenses.

On July 31, 2017 we closed the sale of the Opel/Vauxhall Business to PSA Group. 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 European Business is presented as discontinued operations in our consolidated financial statements for all periods presented. Unless otherwise indicated, information in this report relates to our continuing operations. Refer to Note 22 for additional information on our discontinued operations.

In 2018 we changed the presentation of our consolidated statements of cash flows to separately classify Depreciation and impairment of Equipment on operating leases, net and Depreciation, amortization and impairment charges on Property, net. We have made corresponding reclassifications to the comparable information for all periods presented.

**Principles of Consolidation** The consolidated financial statements are prepared in conformity with U.S. GAAP. All intercompany balances and transactions have been eliminated in consolidation. Except for per share amounts or as otherwise specified, amounts presented within tables are stated in millions.

We consolidate entities that we control due to ownership of a majority voting interest and we consolidate variable interest entities (VIEs) when we are the primary beneficiary. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. Beginning January 1, 2018 we no longer use the cost method of accounting due to the adoption of ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities" (ASU 2016-01). Refer to Note 2 for additional information on recently adopted accounting standards.

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

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

**Note 2. Significant Accounting Policies**

The accounting policies that follow are utilized by our automotive, automotive financing and GM Cruise operations, unless otherwise indicated. The information presented on Revenue Recognition, Equipment on Operating Leases, Marketable Debt Securities, Equity Investments and Derivative Financial Instruments reflects our recently adopted accounting standards on January 1, 2018.

**Revenue Recognition** We adopted ASU 2014-09 on January 1, 2018, which requires us to recognize revenue when a customer obtains control rather than when we have transferred substantially all risks and rewards of a good or service. We adopted ASU 2014-09 by applying the modified retrospective method to all noncompleted contracts as of the date of adoption. See the Recently Adopted Accounting Standards section for additional information pertaining to the adoption of ASU 2014-09. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The following accounting policies became effective upon the adoption of ASU 2014-09:



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

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

Certain transfers to daily rental companies are accounted for as sales, with revenue recognized at the time of transfer. Such transactions were previously accounted for as operating leases. At the time of transfer, we defer revenue for remarketing obligations, record a residual value guarantee and reflect a deposit liability for amounts expected to be returned once the remarketing services are complete. Deferred revenue is recognized in earnings upon completion of the remarketing service. Transfers that occurred prior to January 1, 2018 and future transfers containing a substantive repurchase obligation continue to be accounted for as operating leases and rental income is recognized over the estimated term of the lease. Our total exposure to vehicle repurchase obligations would be reduced to the extent vehicles are able to be resold to a third party.

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

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

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

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

**Advertising and Promotion Expenditures** Advertising and promotion expenditures, which are expensed as incurred in Automotive and other selling, general and administrative expense, were \$4.0 billion, \$4.3 billion and \$4.6 billion in the years ended December 31, 2018, 2017 and 2016.

**Research and Development Expenditures** Research and development expenditures, which are expensed as incurred in Automotive and other cost of sales, were \$7.8 billion, \$7.3 billion and \$6.6 billion in the years ended December 31, 2018, 2017 and 2016. We enter into cost sharing arrangements with third parties or nonconsolidated affiliates for product-related research, engineering, design and development activities. Cost sharing payments and fees related to these arrangements are presented in Automotive and other cost of sales.

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

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

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

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

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in debt securities are other-than-temporary. Factors considered include the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer and the intent to sell or likelihood to be forced to sell the debt security before any anticipated recovery.

**Accounts and Notes Receivable** Accounts and notes receivable primarily consists of amounts that are due and payable from our customers for the sale of vehicles, parts, and accessories. We evaluate the collectability of receivables each reporting period and record an allowance for doubtful accounts representing our estimate of probable losses. Additions to the allowance are charged to bad debt expense reported in Automotive and other selling, general and administrative expense and were insignificant in the years ended December 31, 2018, 2017 and 2016.

**GM Financial Receivables** Finance receivables are carried at amortized cost, net of allowance for loan losses. GM Financial uses forecasting models to determine the collective allowance for loan losses based on factors including historical delinquency migration to loss, probability of default and loss given default. The loss confirmation period is a key assumption within the models and represents the average amount of time from when a loss event first occurs to when the receivable is charged off. GM Financial also considers an evaluation of overall portfolio credit quality based on various indicators.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Retail finance receivables that become classified as troubled debt restructurings (TDRs) are separately assessed for impairment. A specific allowance is estimated based on the present value of the expected future cash flows of the receivables discounted at the original weighted average effective interest rate. Finance charge income from loans classified as TDRs is accounted for in the same manner as other accruing loans. Cash collections on these loans are allocated according to the same payment hierarchy methodology applied to loans that are not classified as TDRs.

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

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

**Equipment on Operating Leases** Equipment on operating leases, net consists of vehicle leases to retail customers with lease terms of two to five years and vehicle sales to rental car companies that are expected to be repurchased in an average of seven months. We are exposed to changes in the residual values of these assets. The residual values represent estimates of the values of the leased vehicles at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under prevailing market conditions. The estimate of the residual value is evaluated over the life of the arrangement and adjustments may be made to the extent the expected value of the vehicle changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. A lease vehicle asset group is determined to be impaired if an impairment indicator exists and the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicle asset group. If the carrying amount is considered impaired an impairment charge is recorded for the amount by which the carrying amount exceeds fair value of the vehicle asset group. Fair value is determined primarily using the anticipated cash flows, including estimated residual values. In our automotive operations when a vehicle that is accounted for as a lease is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less costs to sell. Upon disposition, proceeds are recorded in Automotive net sales and revenue and costs are recorded in Automotive and other cost of sales. In our automotive finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of amortized cost or estimated selling price, less costs to sell. Upon disposition a gain or loss is recorded in GM Financial interest, operating and other expenses for any difference between the net book value of the leased asset and the proceeds from the disposition of the asset.

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

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

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

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

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

**Pension and OPEB Plans**

**Attribution, Methods and Assumptions** The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the duration of the applicable collective bargaining agreement specific to the plan, the expected future working lifetime or the life expectancy of the plan participants.

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

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

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

The benefit obligation for pension plans in Canada, the U.K. and Germany represents 92% of the non-U.S. pension benefit obligation at December 31, 2018. The discount rates for plans in Canada, the U.K. and Germany are determined using a cash flow matching approach similar to the U.S.

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

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

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

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

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

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

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

**Income Taxes** The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

tax assets and liabilities of a change in tax laws or rates is recorded in the results of operations in the period that includes the enactment date under the law.

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

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

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

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

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive and other cost of sales and GM Financial interest, operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net. Foreign currency transaction and remeasurement losses were \$168 million, \$52 million and \$229 million in the years ended December 31, 2018, 2017 and 2016.

**Derivative Financial Instruments** Derivative financial instruments are recognized as either assets or liabilities at fair value. The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative instruments are not used for trading or speculative purposes.

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

Certain foreign currency and commodity forward contracts have been designated as cash flow hedges. The risk being hedged is the foreign currency and commodity price risk related to forecasted transactions. If the contract has been designated as a cash flow hedge, the change in the fair value of the cash flow hedge is deferred in Accumulated other comprehensive loss and is recognized in Automotive and other cost of sales along with the earnings effect of the hedged item when the hedged item affects earnings.

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

**Automotive Financing - GM Financial** GM Financial utilizes interest rate derivative instruments to manage interest rate risk and foreign currency derivative instruments to manage foreign currency risk. The change in fair value of the derivative instruments

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

not designated as hedges is recorded in GM Financial interest, operating and other expenses. Cash flows for all derivative financial instruments are classified in cash flows from operating activities.

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

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

**Recently Adopted Accounting Standards** Effective January 1, 2018 we adopted ASU 2014-09, as incorporated into Accounting Standards Codification (ASC) 606, on a modified retrospective basis by recognizing a cumulative effect adjustment to the opening balance of Retained earnings. Under ASU 2014-09 sales incentives are recorded at the time of sale rather than at the later of sale or announcement, thereby resulting in the shifting of incentive amounts to an earlier quarter and fixed fee license arrangements are recognized when access to intellectual property is granted instead of over the contract period. The retiming of quarterly incentive amounts mainly offset for the year ended December 31, 2018. Actual incentive spending is dependent upon future market conditions.

Beginning January 1, 2018 certain transfers to daily rental companies are accounted for as sales when ownership of the vehicle is not expected to transfer back to us. Such transactions were previously accounted for as operating leases. Transfers that occurred prior to January 2018 continue to be accounted for as operating leases because at the original time of transfer an expectation existed that ownership of the vehicle would transfer back to us.

The following table summarizes the financial statement line items within our consolidated income statement and balance sheet significantly impacted by ASU 2014-09:

	Year Ended December 31, 2018		
	As Reported	Balances without Adoption of ASC 606	Effect of Change
<b>Income Statement</b>			
Automotive net sales and revenue	\$ 133,045	\$ 132,101	\$ 944
Automotive and other cost of sales	\$ 120,656	\$ 119,635	\$ 1,021
Income before income taxes	\$ 8,549	\$ 8,428	\$ 121
Net income attributable to stockholders	\$ 8,014	\$ 7,906	\$ 108
<b>Balance Sheet</b>			
Equipment on operating leases, net	\$ 247	\$ 1,182	\$ (935)
Deferred income taxes	\$ 24,082	\$ 23,652	\$ 430
Accrued liabilities	\$ 28,049	\$ 26,543	\$ 1,506
Other liabilities	\$ 12,357	\$ 12,792	\$ (435)
Retained earnings	\$ 22,322	\$ 23,550	\$ (1,228)

Effective January 1, 2018 we adopted ASU 2016-01, on a modified retrospective basis, with a \$182 million cumulative effect adjustment recorded to the opening balance of Retained earnings to adjust an investment previously carried at cost to its fair value.

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

ASU 2016-01 requires equity investments that are not accounted for under the equity method of accounting to be measured at fair value with changes recognized in Net income.

In the three months ended March 31, 2018 we adopted ASU 2017-12, "Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities" (ASU 2017-12), on a modified retrospective basis and adopted ASU 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" (ASU 2018-02), on a modified retrospective basis. ASU 2018-02 provides the option to reclassify stranded tax effects related to the Tax Act in accumulated other comprehensive income to retained earnings. The adjustment relates to the change in the U.S. corporate income tax rate. The cumulative effect of the adjustments to the opening balance of Retained earnings for these adopted standards was \$108 million.

The following table summarizes the changes to our consolidated balance sheet for the adoption of ASU 2014-09, ASU 2016-01, ASU 2017-12 and ASU 2018-02:

	December 31, 2017	Adjustment due to ASU 2014-09	Adjustment due to ASU 2016-01, ASU 2017-12 and ASU 2018-02	January 1, 2018
Deferred income taxes	\$ 23,544	\$ 444	\$ (63)	\$ 23,925
Other assets	\$ 4,929	\$ 195	\$ 242	\$ 5,366
GM Financial short-term debt and current portion of long-term debt	\$ 24,450	\$ —	\$ (13)	\$ 24,437
Accrued liabilities	\$ 25,996	\$ 2,328	\$ —	\$ 28,324
Other liabilities	\$ 12,394	\$ (235)	\$ —	\$ 12,159
Retained earnings	\$ 17,627	\$ (1,336)	\$ 290	\$ 16,581
Accumulated other comprehensive loss	\$ (8,011)	\$ —	\$ (98)	\$ (8,109)

Effective January 1, 2018 we adopted ASU 2016-15, "Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Payments" (ASU 2016-15), which clarified guidance on the classification of certain cash receipts and payments in the statement of cash flows. The adoption of ASU 2016-15 did not have a material impact on our consolidated financial statements and prior periods were not restated.

Effective January 1, 2018 we adopted ASU 2017-07, "Compensation - Retirement Benefits (Topic 715), Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" (ASU 2017-07) on a retrospective basis, which requires that the service cost component of net periodic pension and OPEB (income) expense be presented in the same income statement line item as other employee compensation costs. The remaining components of net periodic pension and OPEB (income) expense are now presented outside operating income. Amounts previously reflected in Operating income were reclassified to Interest income and other non-operating income, net in accordance with the provisions of ASU 2017-07. Refer to Note 15 for amounts that were reclassified.

**Accounting Standards Not Yet Adopted** In February 2016 the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "Leases" (ASU 2016-02), which requires us as the lessee to recognize most leases on the balance sheet thereby resulting in the recognition of right of use assets and lease obligations for those leases currently classified as operating leases. The accounting for leases where we are the lessor remains largely unchanged. ASU 2016-02 became effective for us on January 1, 2019 and we elected the optional transition method as well as the package of practical expedients upon adoption. While we are still finalizing our adoption procedures, we estimate the primary impact to our consolidated financial position upon adoption will be the recognition, on a discounted basis, of our minimum commitments under noncancelable operating leases on our consolidated balance sheets resulting in the recording of right of use assets and lease obligations for approximately \$1.0 billion.

In June 2016 the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13), which requires entities to use a new impairment model based on Current Expected Credit Losses (CECL) rather than incurred losses. We plan to adopt ASU 2016-13 on January 1, 2020 on a modified retrospective basis, which will result in an increase to our allowance for credit losses and a decrease to Retained earnings as of the adoption date. Estimated credit losses under CECL will consider relevant information about past events, current conditions and reasonable and supportable forecasts, resulting in recognition of lifetime expected credit losses upon loan origination. We are currently



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

evaluating new processes to calculate credit losses in accordance with ASU 2016-13 that, once completed, will determine the impact on our consolidated financial statements at the date of adoption.

**Note 3. Revenue**

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

	Year Ended December 31, 2018						
	GMNA	GMI	Corporate	Total Automotive	GM Financial	Eliminations	Total
Vehicle, parts and accessories	\$ 107,217	\$ 17,980	\$ 20	\$ 125,217	\$ —	\$ (62)	\$ 125,155
Used vehicles	3,215	175	—	3,390	—	(36)	3,354
Services and other	3,360	993	183	4,536	—	—	4,536
Automotive net sales and revenue	113,792	19,148	203	133,143	—	(98)	133,045
Leased vehicle income	—	—	—	—	9,963	—	9,963
Finance charge income	—	—	—	—	3,629	(8)	3,621
Other income	—	—	—	—	424	(4)	420
GM Financial net sales and revenue	—	—	—	—	14,016	(12)	14,004
Net sales and revenue	<u>\$ 113,792</u>	<u>\$ 19,148</u>	<u>\$ 203</u>	<u>\$ 133,143</u>	<u>\$ 14,016</u>	<u>\$ (110)</u>	<u>\$ 147,049</u>

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Adjustments to sales incentives for previously recognized sales were insignificant during the year ended December 31, 2018.

Contract liabilities in our Automotive segments consist primarily of maintenance, extended warranty and other service contracts. We recognized revenue of \$1.4 billion related to contract liabilities during the year ended December 31, 2018. We expect to recognize revenue of \$1.5 billion, \$509 million and \$626 million in the years ending December 31, 2019, 2020 and thereafter related to contract liabilities as of December 31, 2018.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**Note 4. Marketable and Other Securities**

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

	Fair Value Level	December 31, 2018	December 31, 2017
<b>Cash and cash equivalents</b>			
Cash and time deposits(a)		\$ 7,254	\$ 6,962
Available-for-sale debt securities			
U.S. government and agencies	2	4,656	750
Corporate debt	2	3,791	3,032
Sovereign debt	2	1,976	1,954
Total available-for-sale debt securities – cash equivalents		10,423	5,736
Money market funds	1	3,167	2,814
Total cash and cash equivalents(b)		\$ 20,844	\$ 15,512
<b>Marketable debt securities</b>			
U.S. government and agencies	2	\$ 1,230	\$ 3,310
Corporate debt	2	3,478	3,665
Mortgage and asset-backed	2	695	635
Sovereign debt	2	563	703
Total available-for-sale debt securities – marketable securities		\$ 5,966	\$ 8,313
<b>Restricted cash</b>			
Cash and cash equivalents		\$ 260	\$ 219
Money market funds	1	2,392	2,117
Total restricted cash		\$ 2,652	\$ 2,336
<b>Available-for-sale debt securities included above with contractual maturities(c)</b>			
Due in one year or less		\$ 11,288	
Due between one and five years		4,406	
Total available-for-sale debt securities with contractual maturities		\$ 15,694	

(a) Includes \$616 million that is designated exclusively to fund capital expenditures in GM Korea at December 31, 2018. Refer to Note 20 for additional information.

(b) Includes \$2.3 billion in GM Cruise at December 31, 2018. Refer to Note 20 for additional information.

(c) Excludes mortgage and asset-backed securities.

Proceeds from the sale of investments classified as available-for-sale and sold prior to maturity were \$4.3 billion, \$5.6 billion and \$8.5 billion in the years ended December 31, 2018, 2017 and 2016. Net unrealized gains and losses on available-for-sale debt securities were insignificant in the years ended December 31, 2018, 2017 and 2016. Cumulative unrealized gains and losses on available-for-sale debt securities were insignificant at December 31, 2018 and 2017.

Investments in equity securities where market quotations are not available that are accounted for at fair value primarily use Level 3 inputs. We recorded an unrealized gain of \$142 million in Interest income and other non-operating income, net in the year ended December 31, 2018 to adjust an investment in an equity security to a fair value of \$884 million at December 31, 2018.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

	December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 20,844	\$ 15,512
Restricted cash included in Other current assets	2,083	1,745
Restricted cash included in Other assets	569	591
Total	<u>\$ 23,496</u>	<u>\$ 17,848</u>

**Note 5. GM Financial Receivables and Transactions**

	December 31, 2018			December 31, 2017		
	Retail	Commercial(a)	Total	Retail	Commercial(a)	Total
Finance receivables, collectively evaluated for impairment, net of fees	\$ 38,220	\$ 12,235	\$ 50,455	\$ 30,486	\$ 9,935	\$ 40,421
Finance receivables, individually evaluated for impairment, net of fees	2,348	41	2,389	2,228	22	2,250
GM Financial receivables	40,568	12,276	52,844	32,714	9,957	42,671
Less: allowance for loan losses	(844)	(67)	(911)	(889)	(53)	(942)
GM Financial receivables, net	<u>\$ 39,724</u>	<u>\$ 12,209</u>	<u>\$ 51,933</u>	<u>\$ 31,825</u>	<u>\$ 9,904</u>	<u>\$ 41,729</u>
Fair value of GM Financial receivables utilizing Level 2 inputs			\$ 12,209			\$ 9,904
Fair value of GM Financial receivables utilizing Level 3 inputs			\$ 39,430			\$ 31,831

(a) Net of dealer cash management balances of \$922 million and \$536 million at December 31, 2018 and 2017.

	Years Ended December 31,		
	2018	2017	2016
Allowance for loan losses at beginning of period	\$ 942	\$ 805	\$ 749
Provision for loan losses	642	757	644
Charge-offs	(1,199)	(1,173)	(1,137)
Recoveries	536	552	542
Effect of foreign currency	(10)	1	7
Allowance for loan losses at end of period	<u>\$ 911</u>	<u>\$ 942</u>	<u>\$ 805</u>

The allowance for loan losses on retail and commercial finance receivables included a collective allowance of \$586 million, \$611 million and \$525 million and a specific allowance of \$325 million, \$331 million and \$280 million at December 31, 2018, 2017 and 2016.

**Retail Finance Receivables** We use proprietary scoring systems in the underwriting process that measure the credit quality of retail finance receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO score or its equivalent) and contract characteristics. We also consider other factors such as employment history, financial stability and capacity to pay. Subsequent to origination we review the credit quality of retail finance receivables based on customer payment activity. At December 31, 2018 and 2017 25% and 33% of retail finance receivables were from consumers with sub-prime credit scores, which are defined as a FICO score or its equivalent of less than 620 at the time of loan origination.

We purchase retail finance contracts from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date the payment was contractually due. The accrual of finance charge income had been suspended on delinquent retail finance receivables with contractual amounts due of \$888 million and \$778 million at December 31, 2018 and 2017. The following table summarizes the contractual amount of delinquent retail finance receivables, which is not significantly different than the recorded investment of the retail finance receivables:

	December 31, 2018		December 31, 2017	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
31-to-60 days delinquent	\$ 1,349	3.3%	\$ 1,334	4.1%
Greater-than-60 days delinquent	547	1.4%	559	1.7%
Total finance receivables more than 30 days delinquent	1,896	4.7%	1,893	5.8%
In repossession	44	0.1%	27	—%
Total finance receivables more than 30 days delinquent or in repossession	\$ 1,940	4.8%	\$ 1,920	5.8%

Retail finance receivables classified as TDRs and individually evaluated for impairment were \$2.3 billion and \$2.2 billion and the allowance for loan losses included \$321 million and \$328 million of specific allowances on these receivables at December 31, 2018 and 2017.

**Commercial Finance Receivables** Our commercial finance receivables consist of dealer financings, primarily for inventory purchases. Proprietary models are used to assign a risk rating to each dealer. We perform periodic credit reviews of each dealership and adjust the dealership's risk rating, if necessary. Dealers in Group VI are subject to additional restrictions on funding, including suspension of lines of credit and liquidation of assets. The commercial finance receivables on non-accrual status were insignificant at December 31, 2018 and 2017. The following table summarizes the credit risk profile by dealer risk rating of the commercial finance receivables:

		December 31, 2018	December 31, 2017
Group I	– Dealers with superior financial metrics	\$ 2,192	\$ 1,915
Group II	– Dealers with strong financial metrics	4,399	3,465
Group III	– Dealers with fair financial metrics	4,064	3,239
Group IV	– Dealers with weak financial metrics	1,116	997
Group V	– Dealers warranting special mention due to elevated risks	422	260
Group VI	– Dealers with loans classified as substandard, doubtful or impaired	83	81
		\$ 12,276	\$ 9,957

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

	December 31, 2018		December 31, 2017	
<b>Consolidated Balance Sheets</b>				
Commercial finance receivables, net due from GM consolidated dealers	\$	445	\$	355
Direct-financing lease receivables from GM subsidiaries	\$	134	\$	88
Subvention receivable(a)	\$	727	\$	306
Commercial loan funding payable	\$	61	\$	90

	Years Ended December 31,					
	2018	2017	2016			
<b>Consolidated Statements of Income</b>						
Interest subvention earned on finance receivables	\$	554	\$	492	\$	387
Leased vehicle subvention earned	\$	3,274	\$	3,046	\$	2,232

(a) Cash paid by Automotive segments to GM Financial for subvention was \$3.8 billion, \$4.3 billion, and \$4.2 billion during 2018, 2017 and 2016.

GM Financial's Board of Directors declared and paid a dividend of \$375 million on its common stock in October 2018; and paid a special dividend of \$550 million to GM in November 2017 following the sale of the Fincos.

**Note 6. Inventories**

	December 31, 2018		December 31, 2017	
Total productive material, supplies and work in process	\$	4,274	\$	4,203
Finished product, including service parts		5,542		6,460
Total inventories	\$	9,816	\$	10,663

**Note 7. Equipment on Operating Leases**

Equipment on operating leases consists of leases to retail customers that are recorded as operating leases and vehicle sales to daily rental car companies with an actual or expected repurchase obligation.

	December 31, 2018		December 31, 2017	
Equipment on operating leases	\$	55,282	\$	53,947
Less: accumulated depreciation		(11,476)		(9,959)
Equipment on operating leases, net(a)	\$	43,806	\$	43,988

(a) Includes \$43.6 billion and \$42.9 billion of GM Financial Equipment on operating leases, net at December 31, 2018 and 2017.

Depreciation expense related to Equipment on operating leases, net was \$7.5 billion, \$6.7 billion and \$4.7 billion in the years ended December 31, 2018, 2017 and 2016.

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

	Years Ending December 31,											
	2019	2020	2021	2022	2023	Total						
Minimum rental receipts under operating leases	\$	6,733	\$	4,141	\$	1,568	\$	155	\$	9	\$	12,606

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

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

	Years Ended December 31,		
	2018	2017	2016
Automotive China equity income	\$ 1,981	\$ 1,976	\$ 1,973
Other joint ventures equity income	182	156	309
<b>Total Equity income</b>	<b>\$ 2,163</b>	<b>\$ 2,132</b>	<b>\$ 2,282</b>

***Investments in Nonconsolidated Affiliates***

	December 31, 2018	December 31, 2017
Automotive China carrying amount	\$ 7,779	\$ 7,832
Other investments carrying amount	1,436	1,241
<b>Total equity in net assets of nonconsolidated affiliates</b>	<b>\$ 9,215</b>	<b>\$ 9,073</b>

The carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by \$4.4 billion and \$4.3 billion at December 31, 2018 and 2017 due primarily to goodwill from the application of fresh-start reporting and the purchase of additional interests in nonconsolidated affiliates.

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

	December 31, 2018	December 31, 2017
<b>Automotive China JVs</b>		
SAIC General Motors Corp., Ltd. (SGM)	50%	50%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
SAIC General Motors Sales Co., Ltd.	49%	49%
SAIC GM Wuling Automobile Co., Ltd. (SGMW)	44%	44%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
SAIC GM (Shenyang) Norsom Motors Co., Ltd. (SGM Norsom)	25%	25%
SAIC GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
SAIC GM Dong Yue Powertrain Co., Ltd. (SGM DYPT)	25%	25%
<b>Other joint ventures</b>		
SAIC-GMAC	35%	35%
SAIC-GMF Leasing Co., Ltd.	35%	

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

*Summarized Financial Data of Nonconsolidated Affiliates*

	December 31, 2018			December 31, 2017		
	Automotive China JVs	Others	Total	Automotive China JVs	Others	Total
<b>Summarized Balance Sheet Data</b>						
Current assets	\$ 16,506	\$ 16,234	\$ 32,740	\$ 17,370	\$ 13,484	\$ 30,854
Non-current assets	14,012	3,870	17,882	14,188	3,409	17,597
Total assets	\$ 30,518	\$ 20,104	\$ 50,622	\$ 31,558	\$ 16,893	\$ 48,451
Current liabilities	\$ 21,574	\$ 13,985	\$ 35,559	\$ 22,642	\$ 12,255	\$ 34,897
Non-current liabilities	1,689	2,826	4,515	1,639	1,903	3,542
Total liabilities	\$ 23,263	\$ 16,811	\$ 40,074	\$ 24,281	\$ 14,158	\$ 38,439
Noncontrolling interests	\$ 865	\$ 1	\$ 866	\$ 871	\$ 1	\$ 872
<b>Years Ended December 31,</b>						
	<b>2018</b>	<b>2017</b>	<b>2016</b>			
<b>Summarized Operating Data</b>						
Automotive China JVs' net sales	\$ 50,316	\$ 50,065	\$ 47,150			
Others' net sales	1,721	2,542	2,412			
Total net sales	\$ 52,037	\$ 52,607	\$ 49,562			
Automotive China JVs' net income	\$ 3,992	\$ 3,984	\$ 4,117			
Others' net income	536	648	378			
Total net income	\$ 4,528	\$ 4,632	\$ 4,495			

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

	Years Ended December 31,		
	2018	2017	2016
Automotive sales and revenue	\$ 406	\$ 923	\$ 889
Automotive purchases, net	\$ 1,155	\$ 674	\$ 803
Dividends received	\$ 2,022	\$ 2,000	\$ 2,120
Operating cash flows	\$ 657	\$ 2,321	\$ 2,512
	<b>December 31, 2018</b>	<b>December 31, 2017</b>	
Accounts and notes receivable, net	\$ 979	\$ 780	
Accounts payable	\$ 163	\$ 534	
Undistributed earnings	\$ 2,331	\$ 2,184	

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**Note 9. Property**

	Estimated Useful Lives in Years	December 31, 2018		December 31, 2017	
		\$		\$	
Land		1,349		1,647	
Buildings and improvements	5-40	9,173		7,471	
Machinery and equipment	3-27	26,453		23,915	
Special tools	1-13	23,828		21,113	
Construction in progress		4,680		6,188	
Total property		65,483		60,334	
Less: accumulated depreciation		(26,725)		(24,081)	
Total property, net		<u>\$ 38,758</u>		<u>\$ 36,253</u>	

The amount of capitalized software included in Property, net was \$1.1 billion and \$1.2 billion at December 31, 2018 and 2017. The amount of interest capitalized and excluded from Automotive interest expense related to Property, net was insignificant in the years ended December 31, 2018, 2017 and 2016.

	Years Ended December 31,		
	2018	2017	2016
Depreciation and amortization expense	\$ 5,347	\$ 4,966	\$ 4,622
Impairment charges	\$ 466	\$ 199	\$ 68
Capitalized software amortization expense(a)	\$ 424	\$ 459	\$ 458

(a) Included in depreciation and amortization expense.

**Note 10. Goodwill and Intangible Assets**

Goodwill of \$1.9 billion consisted of \$1.4 billion recorded in GM Financial and \$504 million and \$490 million included in GM Cruise at December 31, 2018 and 2017.

	December 31, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	\$ 734	\$ 457	\$ 277	\$ 8,092	\$ 7,735	\$ 357
Brands	4,299	1,165	3,134	4,302	1,044	3,258
Dealer network, customer relationships and other	968	661	307	1,310	933	377
Total intangible assets	<u>\$ 6,001</u>	<u>\$ 2,283</u>	<u>\$ 3,718</u>	<u>\$ 13,704</u>	<u>\$ 9,712</u>	<u>\$ 3,992</u>

Our amortization expense related to intangible assets was \$247 million, \$278 million, and \$325 million in the years ended December 31, 2018, 2017 and 2016.

Amortization expense related to intangible assets is estimated to be approximately \$184 million in each of the next five years.

We removed \$7.7 billion of fully amortized intangible assets in the year ended December 31, 2018 which are no longer in use and provide no remaining economic benefit.



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**Note 11. Variable Interest Entities**

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

	December 31, 2018	December 31, 2017
Restricted cash – current	\$ 1,876	\$ 1,740
Restricted cash – non-current	\$ 504	\$ 527
GM Financial receivables, net of fees – current	\$ 18,304	\$ 15,141
GM Financial receivables, net of fees – non-current	\$ 14,008	\$ 12,944
GM Financial equipment on operating leases, net	\$ 21,781	\$ 22,222
GM Financial short-term debt and current portion of long-term debt	\$ 21,087	\$ 18,972
GM Financial long-term debt	\$ 21,417	\$ 20,356

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

**Note 12. Accrued and Other Liabilities**

	December 31, 2018	December 31, 2017
<b>Accrued liabilities</b>		
Dealer and customer allowances, claims and discounts	\$ 11,611	\$ 8,523
Deposits primarily from rental car companies	405	2,113
Deferred revenue	3,504	3,400
Product warranty and related liabilities	2,788	2,994
Payrolls and employee benefits excluding postemployment benefits	2,233	2,594
Other	7,508	6,372
Total accrued liabilities	<u>\$ 28,049</u>	<u>\$ 25,996</u>
<b>Other liabilities</b>		
Deferred revenue	\$ 2,959	\$ 2,887
Product warranty and related liabilities	4,802	5,338
Employee benefits excluding postemployment benefits	658	680
Postemployment benefits including facility idling reserves	875	574
Other	3,063	2,915
Total other liabilities	<u>\$ 12,357</u>	<u>\$ 12,394</u>

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

	Years Ended December 31,		
	2018	2017	2016
<b>Product Warranty and Related Liabilities</b>			
Warranty balance at beginning of period	\$ 8,332	\$ 9,069	\$ 8,550
Warranties issued and assumed in period – recall campaigns	665	678	899
Warranties issued and assumed in period – product warranty	2,143	2,123	2,338
Payments	(2,903)	(3,129)	(3,375)
Adjustments to pre-existing warranties	(464)	(495)	636
Effect of foreign currency and other	(183)	86	21
Warranty balance at end of period	<u>\$ 7,590</u>	<u>\$ 8,332</u>	<u>\$ 9,069</u>

We estimate our reasonably possible loss in excess of amounts accrued for recall campaigns to be insignificant at December 31, 2018. Refer to Note 16 for reasonably possible losses on Takata matters.

**Note 13. Automotive and GM Financial Debt**

	December 31, 2018	December 31, 2017
Secured debt	\$ 143	\$ 204
Unsecured debt	13,292	12,579
Capital leases	528	719
Total automotive debt(a)	<u>\$ 13,963</u>	<u>\$ 13,502</u>
Fair value utilizing Level 1 inputs	\$ 11,693	\$ 13,202
Fair value utilizing Level 2 inputs	1,838	1,886
Fair value of automotive debt	<u>\$ 13,531</u>	<u>\$ 15,088</u>
Available under credit facility agreements	\$ 14,167	\$ 14,067
Interest rate range on outstanding debt(b)	0.0-18.5%	0.0-21.8%
Weighted-average interest rate on outstanding short-term debt(b)	6.6%	4.7%
Weighted-average interest rate on outstanding long-term debt(b)	5.2%	5.2%

(a) Includes net discount and debt issuance costs of \$499 million at December 31, 2018 and 2017.

(b) Includes coupon rates on debt denominated in various foreign currencies and interest free loans and the impact of reclassification of \$1.5 billion of senior unsecured notes from long-term to short-term in the year ended December 31, 2017.

In April 2018 we amended and restated our two existing revolving credit facilities and entered into a third facility, increasing our aggregate borrowing capacity from \$14.5 billion to \$16.5 billion. These facilities consist of a 364-day, \$2.0 billion facility, a three-year, \$4.0 billion facility and a five-year, \$10.5 billion facility. The facilities are available to us as well as certain wholly-owned subsidiaries, including GM Financial. The three-year, \$4.0 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-facility of \$1.1 billion. The five-year, \$10.5 billion facility allows for borrowings in U.S. Dollars and other currencies. The 364-day, \$2.0 billion facility allows for borrowing in U.S. Dollars only. We have allocated the 364-day, \$2.0 billion facility for exclusive use by GM Financial.

In September 2018 we issued \$2.1 billion in aggregate principal amount of senior unsecured notes with an initial weighted average interest rate of 5.03% and maturity dates ranging from 2021 to 2049. The notes are governed by the same indenture that was used in past issuances, which contains terms and covenants customary of these types of securities including limitations on the amount of certain secured debt we may incur. The net proceeds from the issuance of these senior unsecured notes were used to repay \$1.5 billion of debt in October 2018 upon maturity, pre-fund \$584 million in certain mandatory contributions for our U.K. and Canada pension plans due in 2019 through 2021, and for other general corporate purposes.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

In January 2019 we entered into a new three-year committed unsecured revolving credit facility with an initial borrowing capacity of \$3.0 billion, reducing to \$2.0 billion in July 2020. The facility will be used to fund costs related to the transformation activities announced in November 2018 and to provide additional financial flexibility.

	December 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Secured debt	\$ 42,835	\$ 42,835	\$ 39,887	\$ 39,948
Unsecured debt	48,153	47,556	40,830	41,989
<b>Total GM Financial debt</b>	<b>\$ 90,988</b>	<b>\$ 90,391</b>	<b>\$ 80,717</b>	<b>\$ 81,937</b>
Fair value utilizing Level 2 inputs		\$ 88,305		\$ 79,623
Fair value utilizing Level 3 inputs		\$ 2,086		\$ 2,314

Secured debt consists of revolving credit facilities and securitization notes payable. Most of the secured debt was issued by VIEs and is repayable only from proceeds related to the underlying pledged Securitized Assets. Refer to Note 11 for additional information on GM Financial's involvement with VIEs. GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain secured credit facilities. The weighted-average interest rate on secured debt was 2.85% at December 31, 2018. The revolving credit facilities have maturity dates ranging from 2019 to 2024 and securitization notes payable have maturity dates ranging from 2019 to 2026. At the end of the revolving period, if not renewed, the debt of revolving credit facilities will amortize over a defined period. In the year ended December 31, 2018 GM Financial entered into new or renewed credit facilities with a total net additional borrowing capacity of \$695 million, which had substantially the same terms as existing debt and GM Financial issued \$22.8 billion in aggregate principal amount of securitization notes payable with an initial weighted average interest rate of 3.00% and maturity dates ranging from 2020 to 2026.

Unsecured debt consists of senior notes, credit facilities and other unsecured debt. Senior notes outstanding at December 31, 2018 are due beginning in 2019 through 2028 and have a weighted-average interest rate of 3.40%. In the year ended December 31, 2018 GM Financial issued \$8.6 billion in aggregate principal amount of senior notes with an initial weighted average interest rate of 3.36% and maturity dates ranging from 2020 to 2028.

In January 2019 GM Financial issued \$2.5 billion in aggregate principal amount of senior notes with an initial weighted average interest rate of 5.03% and maturity dates ranging from 2021 to 2029.

In January 2019 GM Financial issued €850 million of Euro Medium Term Notes under the Euro Medium Term Note Programme with an interest rate of 2.20% due in 2024.

During the year ended December 31, 2018, GM Financial launched an unsecured commercial paper notes program in the U.S. At December 31, 2018, the principal amount outstanding of GM Financial's commercial paper in the U.S. was \$1.2 billion.

Each of the revolving credit facilities and the indentures governing GM Financial's notes contain terms and covenants including limitations on GM Financial's ability to incur certain liens.

The terms of advances on credit facilities and other unsecured debt have original maturities of up to four years. The weighted-average interest rate on credit facilities and other unsecured debt was 5.98% at December 31, 2018.

	Years Ended December 31,		
	2018	2017	2016
Automotive interest expense	\$ 655	\$ 575	\$ 563
Automotive Financing - GM Financial interest expense	3,225	2,566	1,972
<b>Total interest expense</b>	<b>\$ 3,880</b>	<b>\$ 3,141</b>	<b>\$ 2,535</b>

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The following table summarizes contractual maturities including capital leases at December 31, 2018:

	Automotive	Automotive Financing(a)	Total
2019	\$ 949	\$ 31,045	\$ 31,994
2020	589	23,153	23,742
2021	505	15,038	15,543
2022	49	7,430	7,479
2023	1,544	5,083	6,627
Thereafter	10,826	9,937	20,763
	<u>\$ 14,462</u>	<u>\$ 91,686</u>	<u>\$ 106,148</u>

(a) Secured debt, credit facilities and other unsecured debt are based on expected payoff date. Senior notes principal amounts are based on maturity.

At December 31, 2018 future interest payments on automotive capital lease obligations were \$565 million. GM Financial had no capital lease obligations at December 31, 2018.

**Compliance with Debt Covenants** Several of our loan facilities, including our revolving credit facilities, require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Certain of GM Financial's secured debt agreements also contain various covenants, including maintaining portfolio performance ratios as well as limits on deferment levels. GM Financial's unsecured debt obligations contain covenants including limitations on GM Financial's ability to incur certain liens. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability or GM Financial's ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2018.

**Note 14. Derivative Financial Instruments**

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

	Fair Value Level	December 31, 2018	December 31, 2017
<b>Derivatives not designated as hedges(a)</b>			
Foreign currency	2	\$ 2,710	\$ 4,022
Commodity	2	658	606
PSA Warrants(b)	2	45	48
Total derivative financial instruments		<u>\$ 3,413</u>	<u>\$ 4,676</u>

(a) The fair value of these derivative instruments at December 31, 2018 and 2017 and the gains/losses included in our consolidated income statements for the years ended December 31, 2018, 2017 and 2016 were insignificant, unless otherwise noted.

(b) The fair value of the PSA warrants located in Other assets was \$827 million and \$764 million at December 31, 2018 and 2017. We recorded insignificant amounts in Interest income and other non-operating income, net for the years ended December 31, 2018 and 2017.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**GM Financial** The following table presents the notional amounts of GM Financial's derivative financial instruments:

	Fair Value Level	December 31, 2018	December 31, 2017
<b>Derivatives designated as hedges(a)(b)</b>			
Fair value hedges – interest rate swaps(c)	2	\$ 9,533	\$ 11,110
Fair value hedges – foreign currency swaps(c)	2	1,829	—
<b>Cash flow hedges</b>			
Interest rate swaps	2	768	2,177
Foreign currency swaps	2	2,075	1,574
<b>Derivatives not designated as hedges(a)(b)</b>			
Interest rate contracts(d)	2	99,666	81,938
Foreign currency swaps	2	—	1,201
<b>Total derivative financial instruments(e)</b>		<b>\$ 113,871</b>	<b>\$ 98,000</b>

- (a) The fair value of these derivative instruments at December 31, 2018 and 2017 and the gains/losses included in our consolidated income statements and statements of comprehensive income for the years ended December 31, 2018, 2017 and 2016 were insignificant, unless otherwise noted.
- (b) Amounts accrued for interest payments in a net receivable position are included in Other assets. Amounts accrued for interest payments in a net payable position are included in Other liabilities.
- (c) The fair value of these derivative instruments located in Other liabilities was \$291 million and \$290 million at December 31, 2018 and 2017. The fair value of these derivative instruments located in Other assets were insignificant at December 31, 2018 and 2017.
- (d) The fair value of these derivative instruments located in Other assets was \$372 million and \$329 million at December 31, 2018 and 2017. The fair value of these derivative instruments located in Other liabilities was \$520 million and \$207 million at December 31, 2018 and 2017.
- (e) We held insignificant amounts and posted \$451 million and \$299 million of collateral available for netting at December 31, 2018 and 2017.

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

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

	December 31, 2018	
	Carrying Amount of Hedged Items	Cumulative Amount of Fair Value Hedging Adjustments(a)
GM Financial long-term debt	\$ 17,923	\$ 459

- (a) Includes \$247 million of adjustments remaining on hedged items for which hedge accounting has been discontinued.

**Note 15. Pensions and Other Postretirement Benefits**

**Employee Pension and Other Postretirement Benefit Plans**

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable laws and regulations or to directly pay benefit payments where appropriate. In the year ended December 31, 2018 all legal funding requirements were met and we contributed \$584 million to pre-fund U.K. and Canada pension plans. In the year ended December 31, 2016 we made a discretionary contribution to our U.S. hourly pension plan of \$2.0 billion. The following table summarizes contributions made to the defined benefit pension plans:

	Years Ended December 31,		
	2018	2017	2016
U.S. hourly and salaried	\$ 76	\$ 77	\$ 2,054
Non-U.S.	1,624	1,153	1,022
Total	<u>\$ 1,700</u>	<u>\$ 1,230</u>	<u>\$ 3,076</u>

We expect to contribute approximately \$70 million to our U.S. non-qualified plans and approximately \$600 million to our non-U.S. pension plans in 2019.

Based on our current assumptions, over the next five years we expect no significant mandatory contributions to our U.S. qualified pension plans and mandatory contributions totaling \$310 million to our U.K. and Canada pension plans.

**Other Postretirement Benefit Plans** Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs. We made contributions to the U.S. OPEB plans of \$325 million, \$323 million and \$335 million in the years ended December 31, 2018, 2017 and 2016. Plan participants' contributions were insignificant in the years ended December 31, 2018, 2017 and 2016.

**Defined Contribution Plans** We have defined contribution plans for eligible U.S. salaried and hourly employees that provide discretionary matching contributions. Contributions are also made to certain non-U.S. defined contribution plans. We made contributions to our defined contribution plans of \$617 million, \$650 million and \$589 million in the years ended December 31, 2018, 2017 and 2016.

#### **Significant Plan Amendments, Benefit Modifications and Related Events**

**Other Remeasurements** The SOA issued mortality improvement tables in the three months ended December 31, 2018. We reviewed our recent mortality experience and have updated our base mortality assumptions in the U.S. This change in assumption decreased the December 31, 2018 U.S. pension and OPEB plans' obligations by \$264 million. We determined our current mortality improvement assumptions are appropriate to measure our December 31, 2018 U.S. pension and OPEB plans obligations. We incorporated the mortality improvement tables issued by the SOA in the three months ended December 31, 2016 that lowered life expectancies and thereby indicated the amount of estimated aggregate benefit payments to our U.S. pension plans' participants was decreasing. This change in assumption decreased the December 31, 2016 U.S. pension and OPEB plans' obligations by \$888 million.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**Pension and OPEB Obligations and Plan Assets**

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans
	U.S.	Non-U.S.		U.S.	Non-U.S.	
<b>Change in benefit obligations</b>						
Beginning benefit obligation	\$ 68,450	\$ 22,789	\$ 6,374	\$ 68,827	\$ 21,156	\$ 6,180
Service cost	209	149	20	203	180	19
Interest cost	2,050	464	195	2,145	473	202
Actuarial (gains) losses	(4,449)	(272)	(389)	2,885	561	311
Benefits paid	(4,898)	(1,595)	(388)	(5,067)	(1,369)	(426)
Foreign currency translation adjustments	—	(1,452)	(106)	—	1,953	78
Curtailments, settlements and other	(172)	(179)	38	(543)	(165)	10
Ending benefit obligation	61,190	19,904	5,744	68,450	22,789	6,374
<b>Change in plan assets</b>						
Beginning fair value of plan assets	62,639	14,495	—	61,622	12,799	—
Actual return on plan assets	(1,419)	301	—	6,549	1,025	—
Employer contributions	76	1,624	369	77	1,153	406
Benefits paid	(4,898)	(1,595)	(388)	(5,067)	(1,369)	(426)
Foreign currency translation adjustments	—	(1,106)	—	—	1,007	—
Settlements and other	(296)	(191)	19	(542)	(120)	20
Ending fair value of plan assets	56,102	13,528	—	62,639	14,495	—
Ending funded status	\$ (5,088)	\$ (6,376)	\$ (5,744)	\$ (5,811)	\$ (8,294)	\$ (6,374)
<b>Amounts recorded in the consolidated balance sheets</b>						
Non-current assets	\$ —	\$ 496	\$ —	\$ —	\$ 67	\$ —
Current liabilities	(73)	(349)	(374)	(71)	(355)	(376)
Non-current liabilities	(5,015)	(6,523)	(5,370)	(5,740)	(8,006)	(5,998)
Net amount recorded	\$ (5,088)	\$ (6,376)	\$ (5,744)	\$ (5,811)	\$ (8,294)	\$ (6,374)
<b>Amounts recorded in Accumulated other comprehensive loss</b>						
Net actuarial gain (loss)	\$ (752)	\$ (3,983)	\$ (752)	\$ 114	\$ (4,163)	\$ (1,186)
Net prior service (cost) credit	19	(64)	34	23	(26)	55
Total recorded in Accumulated other comprehensive loss	\$ (733)	\$ (4,047)	\$ (718)	\$ 137	\$ (4,189)	\$ (1,131)

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

	December 31, 2018		December 31, 2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
ABO	\$ 61,177	\$ 19,822	\$ 68,437	\$ 22,650
<b>Plans with ABO in excess of plan assets</b>				
ABO	\$ 61,177	\$ 10,289	\$ 68,437	\$ 21,679
Fair value of plan assets	\$ 56,102	\$ 3,485	\$ 62,639	\$ 13,408
<b>Plans with PBO in excess of plan assets</b>				
PBO	\$ 61,190	\$ 10,356	\$ 68,450	\$ 21,822
Fair value of plan assets	\$ 56,102	\$ 3,485	\$ 62,639	\$ 13,411

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

	Year Ended December 31, 2018			Year Ended December 31, 2017			Year Ended December 31, 2016		
	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans	Pension Benefits		Global OPEB Plans
	U.S.	Non-U.S.		U.S.	Non-U.S.		U.S.	Non-U.S.	
<b>Components of expense</b>									
Service cost	\$ 330	\$ 163	\$ 20	\$ 315	\$ 199	\$ 19	\$ 381	\$ 273	\$ 18
Interest cost	2,050	464	195	2,145	473	202	2,212	527	201
Expected return on plan assets	(3,890)	(825)	—	(3,677)	(750)	—	(3,778)	(733)	—
Amortization of net actuarial (gains) losses	10	144	54	(6)	157	23	(25)	137	19
Curtailments, settlements and other	(19)	43	(19)	(37)	8	(5)	(4)	16	(13)
Net periodic pension and OPEB (income) expense	\$ (1,519)	\$ (11)	\$ 250	\$ (1,260)	\$ 87	\$ 239	\$ (1,214)	\$ 220	\$ 225
<b>Weighted-average assumptions used to determine benefit obligations(a)</b>									
Discount rate	4.22%	2.86%	4.19%	3.53%	2.66%	3.52%	3.92%	2.88%	3.93%
<b>Weighted-average assumptions used to determine net expense(a)</b>									
Discount rate	3.19%	2.99%	3.29%	3.35%	2.94%	3.39%	3.36%	3.14%	3.49%
Expected rate of return on plan assets	6.61%	6.09%	N/A	6.23%	5.82%	N/A	6.33%	6.07%	N/A

(a) The rate of compensation increase does not have a significant effect on our U.S. pension and OPEB plans.

The non-service cost components of the net periodic pension and OPEB income of \$1.7 billion, \$1.3 billion and \$1.3 billion in the years ended December 31, 2018, 2017 and 2016 are presented in Interest income and other non-operating income, net. Refer to Note 2 for additional details on the adoption of ASU 2017-07.

U.S. pension plan service cost includes administrative expenses and Pension Benefit Guarantee Corporation premiums which were insignificant in the years ended December 31, 2018, 2017 and 2016. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements. Non-U.S. pension plan administrative expenses included in service cost were insignificant in the years ended December 31, 2018, 2017 and 2016.

Estimated amounts to be amortized from Accumulated other comprehensive loss into net periodic benefit cost in the year ending December 31, 2019 based on December 31, 2018 plan measurements are \$129 million, consisting primarily of amortization of the net actuarial loss in the non-U.S. pension plans.

**Assumptions**

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

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

In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the competing objectives of improving funded positions



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

(market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

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

In December 2018 an investment policy study was completed for the U.S. pension plans. As a result of changes to our capital market assumptions, the weighted-average long-term rate of return on assets decreased from 6.6% at December 31, 2017 to 6.4% at December 31, 2018. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

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

	December 31, 2018		December 31, 2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity	12%	14%	15%	18%
Debt	64%	66%	61%	56%
Other(a)	24%	20%	24%	26%
Total	100%	100%	100%	100%

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

	December 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>U.S. Pension Plan Assets</b>								
Common and preferred stocks	\$ 4,914	\$ 18	\$ 2	\$ 4,934	\$ 8,892	\$ 17	\$ 2	\$ 8,911
Government and agency debt securities(a)	—	12,077	—	12,077	—	12,116	—	12,116
Corporate and other debt securities	—	24,645	—	24,645	—	26,122	—	26,122
Other investments, net	350	80	371	801	552	119	395	1,066
Net plan assets subject to leveling	\$ 5,264	\$ 36,820	\$ 373	42,457	\$ 9,444	\$ 38,374	\$ 397	48,215
<b>Plan assets measured at net asset value</b>								
Investment funds				6,465				6,632
Private equity and debt investments				3,021				3,539
Real estate investments				3,504				3,351
Total plan assets measured at net asset value				12,990				13,522
Other plan assets, net(b)				655				902
<b>Net plan assets</b>				\$ 56,102				\$ 62,639

	December 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Non-U.S. Pension Plan Assets</b>								
Common and preferred stocks	\$ 441	\$ 1	\$ 5	\$ 447	\$ 578	\$ 1	\$ 6	\$ 585
Government and agency debt securities(a)	—	3,640	—	3,640	—	3,853	—	3,853
Corporate and other debt securities	—	2,589	1	2,590	—	2,566	—	2,566
Other investments, net	59	128	242	429	23	149	438	610
Net plan assets subject to leveling	\$ 500	\$ 6,358	\$ 248	7,106	\$ 601	\$ 6,569	\$ 444	7,614
<b>Plan assets measured at net asset value</b>								
Investment funds				5,081				5,346
Private equity and debt investments				526				570
Real estate investments				980				1,097
Total plan assets measured at net asset value				6,587				7,013
Other plan assets (liabilities), net(b)				(165)				(132)
<b>Net plan assets</b>				\$ 13,528				\$ 14,495

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

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

The activity attributable to U.S. and non-U.S. Level 3 defined benefit pension plan investments was insignificant in the years ended December 31, 2018 and 2017.

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

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

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

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

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

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

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

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

	Pension Benefits		Global OPEB Plans
	U.S. Plans	Non-U.S. Plans	
2019	\$ 5,325	\$ 1,360	\$ 379
2020	\$ 4,858	\$ 1,212	\$ 374
2021	\$ 4,720	\$ 1,174	\$ 369
2022	\$ 4,603	\$ 1,144	\$ 364
2023	\$ 4,491	\$ 1,113	\$ 361
2024 - 2028	\$ 20,803	\$ 5,116	\$ 1,762

**Note 16. Commitments and Contingencies**

**Litigation-Related Liability and Tax Administrative Matters** In the normal course of our business, we are named from time to time as a defendant in various legal actions, including arbitrations, class actions and other litigation. We identify below the material individual proceedings and investigations where we believe a material loss is reasonably possible or probable. We accrue for matters when we believe that losses are probable and can be reasonably estimated. At December 31, 2018 and 2017, we had accruals of \$1.3 billion and \$930 million in Accrued liabilities and Other liabilities. In many matters, it is inherently difficult to determine whether loss is probable or reasonably possible or to estimate the size or range of the possible loss. Accordingly adverse outcomes from such proceedings could exceed the amounts accrued by an amount that could be material to our results of operations or cash flows in any particular reporting period.

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

*Economic-Loss Claims* We are aware of over 100 putative class actions pending against GM in U.S. and Canadian courts alleging that consumers who purchased or leased vehicles manufactured by GM or MLC (formerly known as General Motors Corporation) had been economically harmed by one or more of the 2014 recalls and/or the underlying vehicle conditions associated with those recalls (economic-loss cases). In general, these economic-loss cases seek recovery for purported compensatory damages, such as alleged benefit-of-the-bargain damages or damages related to alleged diminution in value of the vehicles, as well as punitive damages, injunctive relief and other relief.

Many of the pending U.S. economic-loss claims have been transferred to, and consolidated in, a single federal court, the U.S. District Court for the Southern District of New York (Southern District). These plaintiffs have asserted economic-loss claims under federal and state laws, including claims relating to recalled vehicles manufactured by GM and claims asserting successor liability relating to certain recalled vehicles manufactured by MLC. The Southern District has dismissed various of these claims, including claims under the Racketeer Influenced and Corrupt Organization Act, claims for recovery for alleged reduction in the value of plaintiffs' vehicles due to damage to GM's reputation and brand as a result of the ignition switch matter, and claims of certain plaintiffs who purchased a vehicle before GM came into existence in July 2009. The Southern District also dismissed certain state law claims at issue.

In August 2017 the Southern District granted our motion to dismiss the successor liability claims of plaintiffs in seven of the sixteen states at issue on the motion and called for additional briefing to decide whether plaintiffs' claims can proceed in the other nine states. In December 2017 the Southern District granted GM's motion and dismissed successor liability claims of plaintiffs in an additional state, but found that there are genuine issues of material fact that prevent summary judgment for GM in eight other states. In January 2018, GM moved for reconsideration of certain portions of the Southern District's December 2017 summary judgment ruling. That motion was granted in April 2018, dismissing plaintiffs' successor liability claims in any state where New York law applies.

In September 2018 the Southern District granted our motion to dismiss claims for lost personal time (in 41 out of 47 jurisdictions) and certain unjust enrichment claims, but denied our motion to dismiss plaintiffs' economic loss claims in 27 jurisdictions under the "manifest defect" rule. Significant summary judgment, class certification, and expert evidentiary motions remain at issue.

*Personal Injury Claims* We also are aware of several hundred actions pending in various courts in the U.S. and Canada alleging injury or death as a result of defects that may be the subject of the 2014 recalls (personal injury cases). In general, these cases seek recovery for purported compensatory damages, punitive damages and/or other relief. Since 2016, several bellwether trials of personal injury cases have taken place in the Southern District and in a Texas state court, which is administering a Texas state multi-district litigation. None of these trials resulted in a finding of liability against GM.

*Appellate Litigation Regarding Successor Liability Ignition Switch Claims* In 2016, the United States Court of Appeals for the Second Circuit held that the 2009 order of the Bankruptcy Court approving the sale of substantially all of the assets of MLC to GM free and clear of, among other things, claims asserting successor liability for obligations owed by MLC (successor liability claims) could not be enforced to bar claims against GM asserted by either plaintiffs who purchased used vehicles after the sale or against purchasers who asserted claims relating to the ignition switch defect, including pre-sale personal injury claims and economic-loss claims.

*Contingently Issuable Shares* Under the Amended and Restated Master Sale and Purchase Agreement between us and MLC, GM may be obligated to issue Adjustment Shares of our common stock if allowed general unsecured claims against the GUC Trust, as estimated by the Bankruptcy Court, exceed \$35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions), which amounts to approximately \$1.2 billion based on the GM share price as of January 25, 2019. The GUC Trust stated in public filings that allowed general unsecured claims were approximately \$31.9 billion as of December 31, 2018. In 2016 and 2017 certain personal injury and economic loss plaintiffs filed motions in the Bankruptcy Court seeking authority to file late claims against the GUC Trust. In May 2018, the GUC Trust filed motions seeking the Bankruptcy Court's approval of a proposed settlement with certain personal injury and economic loss plaintiffs, approval of a notice relating to that proposed settlement and estimation of alleged personal injury and economic loss late claims for the purpose of obtaining an order requiring GM to issue the maximum number of Adjustment Shares. GM vigorously contested each of these motions.

In September 2018 the Bankruptcy Court denied without prejudice the GUC Trust's motions described above, finding that the settling parties first need to obtain class certification with respect to the economic loss late claims. In February 2019 the GUC Trust and certain plaintiffs filed a motion with the Bankruptcy Court requesting approval of a new settlement to obtain the maximum

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

number of Adjustment Shares. We will assert available and appropriate legal objections to this new settlement. We are unable to estimate any reasonably possible loss or range of loss that may result from this matter.

*Government Matters* In connection with the 2014 recalls, we have from time to time received subpoenas and other requests for information related to investigations by agencies or other representatives of U.S. federal, state and the Canadian governments. GM is cooperating with all reasonable pending requests for information. Any existing governmental matters or investigations could in the future result in the imposition of damages, fines, civil consent orders, civil and criminal penalties or other remedies.

The total amount accrued for the 2014 recalls at December 31, 2018 reflects amounts for a combination of settled but unpaid matters, and for the remaining unsettled investigations, claims and/or lawsuits relating to the ignition switch recalls and other related recalls to the extent that such matters are probable and can be reasonably estimated. The amounts accrued for those unsettled investigations, claims, and/or lawsuits represent a combination of our best single point estimates where determinable and, where no such single point estimate is determinable, our estimate of the low end of the range of probable loss with regard to such matters, if that is determinable. We will continue to consider resolution of pending matters involving ignition switch recalls and other recalls where it makes sense to do so.

*GM Korea Wage Litigation* GM Korea is party to litigation with current and former hourly employees in the appellate court and Incheon District Court in Incheon, Korea. The group actions, which in the aggregate involve more than 10,000 employees, allege that GM Korea failed to include bonuses and certain allowances in its calculation of Ordinary Wages due under Korean regulations. In 2012 the Seoul High Court (an intermediate level appellate court) affirmed a decision in one of these group actions involving five GM Korea employees which was contrary to GM Korea's position. GM Korea appealed to the Supreme Court of the Republic of Korea (Supreme Court). In 2014 the Supreme Court largely agreed with GM's legal arguments and remanded the case to the Seoul High Court for consideration consistent with earlier Supreme Court precedent holding that while fixed bonuses should be included in the calculation of Ordinary Wages, claims for retroactive application of this rule would be barred under certain circumstances. In 2015, on reconsideration, the Seoul High Court held in GM Korea's favor, after which the plaintiffs appealed to the Supreme Court. The Supreme Court has not yet rendered a decision. We estimate our reasonably possible loss in excess of amounts accrued to be approximately \$590 million at December 31, 2018. Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available or the legal or regulatory framework change.

GM Korea is also party to litigation with current and former salaried employees over allegations relating to ordinary wages regulation and whether to include fixed bonuses in the calculation of ordinary wages. In 2017, the Seoul High Court held that certain workers are not barred from filing retroactive wage claims. GM Korea appealed this ruling to the Supreme Court. The Supreme Court has not yet rendered a decision. We estimate our reasonably possible loss in excess of amounts accrued to be approximately \$170 million at December 31, 2018. Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available or the legal or regulatory framework change.

GM Korea is also party to litigation with current and former subcontract workers over allegations that they are entitled to the same wages and benefits provided to full-time employees, and to be hired as full-time employees. In May 2018 the Korean labor authorities issued an adverse administrative order finding that GM Korea must hire certain current subcontract workers as full-time employees. GM Korea appealed that order. At December 31, 2018, we recorded an insignificant accrual covering certain asserted claims and claims that we believe are probable of assertion and for which liability is probable. We estimate that the reasonably possible loss in excess of amounts accrued for other current subcontract workers who may assert similar claims to be approximately \$150 million at December 31, 2018. We are currently unable to estimate any possible loss or range of loss that may result from additional claims that may be asserted by former subcontract workers.

*GM Brazil Indirect Tax Claim* In March 2017, the Supreme Court of Brazil issued a decision concluding that a certain state value added tax should not be included in the calculation of federal gross receipts taxes. The decision reduced GM Brazil's gross receipts tax prospectively and, potentially, retrospectively. The retrospective right to recover is under judicial review, and a decision could be rendered in 2019. If the Judicial Court grants retrospective recovery we estimate potential recoveries of up to \$1.3 billion. However, given the remaining uncertainty regarding the judicial resolution of this matter, we are unable to assess the likelihood of any favorable outcome at this time. We have not recorded any amounts relating to the retrospective nature of this matter.

*Other Litigation-Related Liability and Tax Administrative Matters* Various other legal actions, including class actions, governmental investigations, claims and proceedings are pending against us or our related companies or joint ventures, including matters arising out of alleged product defects; employment-related matters; product and workplace safety, vehicle emissions and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

fuel economy regulations; product warranties; financial services; dealer, supplier and other contractual relationships; government regulations relating to competition issues; tax-related matters not subject to the provision of ASC 740, Income Taxes (indirect tax-related matters); product design, manufacture and performance; consumer protection laws; and environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation from stationary sources.

There are several putative class actions pending against GM in federal courts in the U.S. and in the Provincial Courts in Canada alleging that various vehicles sold including model year 2011-2016 Duramax Diesel Chevrolet Silverado and GMC Sierra vehicles, violate federal and state emission standards. GM has also faced a series of additional lawsuits based primarily on allegations in the Duramax suit, including putative shareholder class actions claiming violations of federal securities law and a shareholder demand lawsuit. The securities lawsuits have been voluntarily dismissed. At this stage of these proceedings, we are unable to provide an evaluation of the likelihood that a loss will be incurred or an estimate of the amounts or range of possible loss.

We believe that appropriate accruals have been established for losses that are probable and can be reasonably estimated. It is possible that the resolution of one or more of these matters could exceed the amounts accrued in an amount that could be material to our results of operations. We also from time to time receive subpoenas and other inquiries or requests for information from agencies or other representatives of U.S. federal, state and foreign governments on a variety of issues.

Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain administrative proceedings are indirect tax-related and may require that we deposit funds in escrow or provide an alternative form of security which may range from \$200 million to \$550 million at December 31, 2018. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2018. We believe that appropriate accruals have been established for losses that are probable and can be reasonably estimated. For indirect tax-related matters we estimate our reasonably possible loss in excess of amounts accrued to be up to approximately \$900 million at December 31, 2018.

**Takata Matters** In May 2016 NHTSA issued an amended consent order requiring Takata to file 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 have filed Preliminary DIRs covering certain of our GMT900 vehicles, which are full-size pickup trucks and SUVs. We have also filed petitions for inconsequentiality with respect to the vehicles subject to those Preliminary DIRs. NHTSA has consolidated our petitions and will rule on them at the same time.

While these petitions have been pending, we have provided NHTSA with the results of our long-term studies and the studies performed by third-party experts, all of which form 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.

We believe these vehicles are currently performing as designed and our inflator aging studies and field data 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 \$1.2 billion.

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

GM has recalled certain vehicles sold outside of the U.S. to replace Takata inflators in those vehicles. There are significant differences in vehicle and inflator design between the relevant vehicles sold internationally and those sold in the U.S. We continue to gather and analyze evidence about these inflators and to share our findings with regulators. Additional recalls, if any, could be material to our results of operations and cash flows. We continue to monitor the international situation.

Through January 25, 2019 we are aware of three putative class actions pending against GM in federal court in the U.S., one putative class action in Mexico and three putative class actions pending in various Provincial Courts in Canada arising out of allegations that airbag inflators manufactured by Takata are defective. At this early stage of these proceedings, we are unable to provide an evaluation of the likelihood that a loss will be incurred or an estimate of the amounts or range of possible loss.

**Product Liability** With respect to product liability claims (other than claims relating to the ignition switch recalls discussed above) involving our and General Motors Corporation products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. We recorded liabilities of \$531 million and \$595 million in Accrued liabilities and Other liabilities at December 31, 2018 and 2017 for the expected cost of all known product liability claims, plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. It is reasonably possible that our accruals for product liability claims may increase in future periods in material amounts, although we cannot estimate a reasonable range of incremental loss based on currently available information.

**Guarantees** We enter into indemnification agreements for liability claims involving products manufactured primarily by certain joint ventures. These guarantees terminate in years ranging from 2019 to 2029 or upon the occurrence of specific events or are ongoing. We believe that the related potential costs incurred are adequately covered by our recorded accruals, which are insignificant. The maximum future undiscounted payments mainly based on vehicles sold to date was \$2.4 billion and \$1.9 billion for these guarantees at December 31, 2018 and 2017, the majority of which relate to the indemnification agreements.

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

We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Insignificant amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time and the fair value of the guarantees at issuance was insignificant. Refer to Note 22 for additional information on our indemnification obligations to PSA Group under the Agreement.

**Credit Cards** Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles. At December 31, 2018 and 2017 our redemption liability was insignificant, our deferred revenue was \$247 million and \$283 million, and qualified cardholders had rebates available, net of deferred program revenue, of \$1.4 billion and \$1.5 billion. Our redemption liability and deferred revenue are recorded in Accrued liabilities and Other liabilities.

**Noncancelable Operating Leases** The following table summarizes our minimum commitments under noncancelable operating leases having initial terms in excess of one year, primarily for property:

	2019	2020	2021	2022	2023	Thereafter	Total
Minimum commitments(a)	\$ 296	\$ 286	\$ 247	\$ 180	\$ 146	\$ 582	\$ 1,737
Sublease income	(61)	(51)	(44)	(38)	(33)	(129)	(356)
Net minimum commitments	<u>\$ 235</u>	<u>\$ 235</u>	<u>\$ 203</u>	<u>\$ 142</u>	<u>\$ 113</u>	<u>\$ 453</u>	<u>\$ 1,381</u>

(a) Certain leases contain escalation clauses and renewal or purchase options.

Rental expense under operating leases was \$300 million, \$284 million and \$270 million in the years ended December 31, 2018, 2017 and 2016.

**Note 17. Income Taxes**

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

	Years Ended December 31,		
	2018	2017	2016
U.S. income	\$ 4,433	\$ 8,399	\$ 9,989
Non-U.S. income (loss)	1,953	1,332	(263)
Income before income taxes and equity income	<u>\$ 6,386</u>	<u>\$ 9,731</u>	<u>\$ 9,726</u>
	Years Ended December 31,		
	2018	2017	2016
<b>Current income tax expense (benefit)</b>			
U.S. federal	\$ (104)	\$ 18	\$ (126)
U.S. state and local	113	83	65
Non-U.S.	577	552	572
Total current income tax expense	586	653	511
<b>Deferred income tax expense (benefit)</b>			
U.S. federal	(578)	7,831	1,865
U.S. state and local	250	(187)	264
Non-U.S.	216	3,236	99
Total deferred income tax expense (benefit)	(112)	10,880	2,228
Total income tax expense	<u>\$ 474</u>	<u>\$ 11,533</u>	<u>\$ 2,739</u>

Provisions are made for estimated U.S. and non-U.S. income taxes which may be incurred on the reversal of our basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments primarily as a result of earnings in foreign subsidiaries which are deemed indefinitely reinvested of \$2.9 billion and \$2.8 billion at December 31, 2018 and 2017. Additional basis differences related to investments in nonconsolidated China JVs exist of \$4.1 billion at December 31, 2018 and 2017 as a result of fresh-start reporting. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

	Years Ended December 31,		
	2018	2017	2016
Income tax expense at U.S. federal statutory income tax rate	\$ 1,341	\$ 3,406	\$ 3,404
State and local tax expense	282	(76)	190
Non-U.S. income taxed at other than the U.S. federal statutory tax rate	90	(145)	(61)
U.S. tax impact on Non-U.S. income	(822)	(941)	(894)
Change in valuation allowances	1,695	2,712	237
Change in tax laws	(134)	7,194	147
General business credits and manufacturing incentives	(695)	(428)	(342)
Capital loss expiration	107	—	—
Settlements of prior year tax matters	(188)	(256)	(46)
Realization of basis differences in affiliates	(59)	—	(94)
German statutory approval of net operating losses	(990)	—	—
Other adjustments	(153)	67	198
Total income tax expense	<u>\$ 474</u>	<u>\$ 11,533</u>	<u>\$ 2,739</u>



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**Deferred Income Tax Assets and Liabilities** Deferred income tax assets and liabilities at December 31, 2018 and 2017 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured based on tax laws, as well as tax loss and tax credit carryforwards. The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities:

	December 31, 2018	December 31, 2017
<b>Deferred tax assets</b>		
Postretirement benefits other than pensions	\$ 1,584	\$ 1,948
Pension and other employee benefit plans	3,020	3,285
Warranties, dealer and customer allowances, claims and discounts	6,307	5,675
U.S. capitalized research expenditures	5,176	4,413
U.S. operating loss and tax credit carryforwards(a)	8,591	8,578
Non-U.S. operating loss and tax credit carryforwards(b)	6,393	5,103
Miscellaneous	2,034	1,697
Total deferred tax assets before valuation allowances	33,105	30,699
Less: valuation allowances	(7,976)	(6,690)
Total deferred tax assets	25,129	24,009
<b>Deferred tax liabilities</b>		
Property, plant and equipment	1,098	418
Intangible assets	729	735
Total deferred tax liabilities	1,827	1,153
Net deferred tax assets	\$ 23,302	\$ 22,856

(a) At December 31, 2018 U.S. operating loss and tax credit carryforwards of \$8.6 billion expire through 2038 if not utilized.

(b) At December 31, 2018 Non-U.S. operating loss and tax credit carryforwards of \$1.2 billion expire through 2037 if not utilized and the remaining balance of \$5.2 billion may be carried forward indefinitely.

**Valuation Allowances** We have \$3.3 billion of net operating loss carryforwards in Germany that, as a result of reorganizations that took place in 2008 and 2009 and then existing German Law, were not previously recorded as deferred tax assets. In the three months ended December 31, 2018 a favorable European court decision was statutorily approved in Germany enabling use of those loss carryforwards. As a result, in the three months ended December 31, 2018 deferred tax assets totaling \$1.0 billion were established for the loss carryforwards; offsetting valuation allowances were also established as the deferred tax assets are not more likely than not to be realized. During the year ended December 31, 2018 valuation allowances against deferred tax assets of \$8.0 billion were comprised of cumulative losses, credits and other timing differences, primarily in Germany, Spain and South Korea.

During the year ended December 31, 2017 there was a \$2.3 billion increase in the valuation allowance related to deferred tax assets that are no longer realizable as a result of the sale of the Opel/Vauxhall Business as described in Note 22. At December 31, 2017 valuation allowances against deferred tax assets of \$6.7 billion were comprised of cumulative losses, credits and other timing differences, primarily in Germany, Spain and South Korea.

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

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

	Years Ended December 31,		
	2018	2017	2016
Balance at beginning of period	\$ 1,557	\$ 1,182	\$ 1,337
Additions to current year tax positions	292	160	49
Additions to prior years' tax positions	264	448	96
Reductions to prior years' tax positions	(244)	(195)	(192)
Reductions in tax positions due to lapse of statutory limitations	(38)	(44)	(103)
Settlements	(450)	(11)	(1)
Other	(40)	17	(4)
Balance at end of period	<u>\$ 1,341</u>	<u>\$ 1,557</u>	<u>\$ 1,182</u>

At December 31, 2018 and 2017 there were \$991 million and \$390 million of unrecognized tax benefits that if recognized would favorably affect our effective tax rate in the future. In the years ended December 31, 2018, 2017 and 2016 income tax related interest and penalties were insignificant. At December 31, 2018 and 2017 we had liabilities of \$116 million and \$152 million for income tax related interest and penalties.

At December 31, 2018 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

**Other Matters** Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2008 to 2018 with various significant tax jurisdictions. Tax authorities may have the ability to review and adjust net operating loss or tax credit carryforwards that were generated prior to these periods if utilized in an open tax year. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle.

The Tax Act was signed into law on December 22, 2017. The Tax Act changed many aspects of U.S. corporate income taxation and included reduction of the corporate income tax rate from 35% to 21%, implementation of a territorial tax system and imposition of a tax on deemed repatriated earnings of foreign subsidiaries. We recognized the tax effects of the Tax Act in the year ended December 31, 2017 and recorded \$7.3 billion in tax expense. The tax expense relates primarily to the remeasurement of deferred tax assets to the 21% tax rate. We applied the guidance in SAB 118 when accounting for the enactment-date effects of the Tax Act in 2017 and throughout 2018. At December 31, 2018, we have now completed our accounting for all the enactment-date income tax effects of the Tax Act. We reduced our year ended December 31, 2017 estimated tax expense of \$7.3 billion to \$7.1 billion, primarily related to the remeasurement of deferred tax assets to the 21% tax rate.

The Tax Act subjects a U.S. shareholder to tax on Global Intangible Low Tax Income (GILTI) earned by certain foreign subsidiaries. The FASB Staff Q&A Topic 740, No. 5 "Accounting for Global Intangible Low-Taxed Income," states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or to provide for the tax expense related to GILTI in the year the tax is incurred as a period expense only. We have elected to account for GILTI as a current period expense when incurred.

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**Note 18. Restructuring and Other Initiatives**

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

	Years Ended December 31,		
	2018	2017	2016
Balance at beginning of period	\$ 227	\$ 268	\$ 383
Additions, interest accretion and other	1,637	330	412
Payments	(600)	(315)	(490)
Revisions to estimates and effect of foreign currency	(142)	(56)	(37)
Balance at end of period	<u>\$ 1,122</u>	<u>\$ 227</u>	<u>\$ 268</u>

In the year ended December 31, 2018 restructuring and other initiatives in GMNA primarily included actions related to the unallocation of products to certain manufacturing facilities in 2019 and other employee separation programs. We recorded charges of \$1.2 billion in GMNA in the year ended December 31, 2018 consisting of \$941 million in employee separation and other charges, which are reflected in the table above, and \$301 million primarily in non-cash accelerated depreciation, not reflected in the table above. We expect to incur additional restructuring and other charges in 2019 that range between \$1.5 billion to \$2.0 billion, primarily related to accelerated depreciation, supplier-related charges, and employee-related separation charges. We expect cash outflows related to these activities of approximately \$1.5 billion by the end of 2020.

In the year ended December 31, 2018 restructuring and other initiatives in GMI primarily included the closure of a facility and other restructuring actions in Korea and employee separation programs. We recorded charges of \$1.0 billion related to Korea, net of noncontrolling interests. These charges consisted of \$537 million in non-cash asset impairments and other charges, not reflected in the table above, and \$495 million in employee separation charges, which are reflected in the table above. We incurred \$775 million in cash outflows resulting from Korea restructuring actions, primarily for employee separations and statutory pension payments. In GMI we expect to incur between \$200 million and \$300 million in additional employee separation and other charges in 2019, and we expect cash outflows related to previously announced restructuring activities of approximately \$300 million in 2019.

In the year ended December 31, 2017 restructuring and other initiatives primarily included restructuring actions announced in the three months ended June 30, 2017 in GMI. These actions related primarily to the withdrawal of Chevrolet from the Indian and South African markets at the end of 2017 and the transition of our South Africa manufacturing operations to Isuzu Motors. We continue to manufacture vehicles in India for sale to certain export markets. We recorded charges of \$460 million in GMI primarily consisting of \$297 million of asset impairments, sales incentives, inventory provisions and other charges, not reflected in the table above, and \$163 million of dealer restructurings, employee separations and other contract cancellation costs, which are reflected in the table above. We completed these programs in GMI in 2017. Other GMI restructuring programs reflected in the table above include separation and other programs in Australia, Korea and India and the withdrawal of the Chevrolet brand from Europe. Collectively, these programs had a total cost of \$892 million since inception in 2013 through the completion of the programs in the year ended December 31, 2017.

In the year ended December 31, 2016 restructuring and other initiatives related primarily to charges of \$240 million in the three months ended March 31, 2016 in GMNA related to the cash severance incentive program to qualified U.S. hourly employees under our 2015 labor agreement with the UAW and insignificant costs for separation and other programs in Australia, Korea and India and the withdrawal of Chevrolet brand from Europe.

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

	Years Ended December 31,		
	2018	2017	2016
Non-service pension and OPEB income	\$ 1,665	\$ 1,316	\$ 1,262
Interest income	335	266	182
Licensing agreements income	296	74	94
Revaluation of investments	258	(56)	—
Other	42	45	65
Total interest income and other non-operating income, net	<u>\$ 2,596</u>	<u>\$ 1,645</u>	<u>\$ 1,603</u>

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

**Preferred and Common Stock** We have 2.0 billion shares of preferred stock and 5.0 billion shares of common stock authorized for issuance. At December 31, 2018 and 2017 we had 1.4 billion shares of common stock issued and outstanding.

**Common Stock** Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. Our dividends declared per common share were \$1.52 and our total dividends paid on common stock were \$2.1 billion, \$2.2 billion and \$2.3 billion for the years ended December 31, 2018, 2017 and 2016. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our preferred stock, if any such shares are then outstanding.

In the years ended December 31, 2018, 2017 and 2016 we purchased three million, 120 million and 77 million shares of our outstanding common stock for \$100 million, \$4.5 billion and \$2.5 billion as part of the common stock repurchase program announced in March 2015, which our Board of Directors increased and extended in January 2016 and January 2017.

**Warrants** At December 31, 2017 we had 22 million warrants outstanding that we issued in July 2009. The warrants are exercisable at any time prior to July 10, 2019 at an exercise price of \$18.33 per share. We had 15 million warrants outstanding at December 31, 2018.

**GM Financial Preferred Stock** In September 2018 GM Financial issued \$500 million of Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series B, \$0.01 par value, with a liquidation preference of \$1,000 per share. The preferred stock is classified as noncontrolling interests in our consolidated financial statements. Dividends will be paid semi-annually when declared starting March 30, 2019 at a fixed rate of 6.50%.

In September 2017 GM Financial issued \$1.0 billion of Fixed-to-Floating Rate Cumulative Perpetual Preferred Stock, Series A, \$0.01 par value, with a liquidation preference of \$1,000 per share. The preferred stock is classified as noncontrolling interests in our consolidated financial statements. Dividends are paid semi-annually when declared, which started March 30, 2018 at a fixed rate of 5.75%.

**GM Cruise Preferred Shares** On May 31, 2018, we entered into a Purchase Agreement with The Vision Fund. The Vision Fund subsequently assigned its rights and obligations under the Purchase Agreement to SoftBank. In June 2018, at the closing of the transactions contemplated by the Purchase Agreement, GM Cruise Holdings, our subsidiary, issued \$900 million of GM Cruise Preferred Shares to SoftBank, representing 10.9% of GM Cruise Holdings' equity at closing. Immediately prior to the issuance of the GM Cruise Preferred Shares, we invested \$1.1 billion in GM Cruise Holdings. When GM Cruise's autonomous vehicles are ready for commercial deployment, SoftBank is obligated to purchase additional GM Cruise Preferred Shares for \$1.35 billion, subject to regulatory approval, after which the GM Cruise Preferred Shares will represent 18.6% of GM Cruise Holdings' equity. All proceeds are designated exclusively for working capital and general corporate purposes of GM Cruise. Dividends are cumulative and accrue at an annual rate of 7% and are payable quarterly in cash or in-kind, at GM Cruise's discretion. The GM Cruise Preferred Shares are also entitled to participate in GM Cruise dividends above a defined threshold. Prior to an initial public offering, SoftBank is restricted from transferring the GM Cruise Preferred Shares until June 28, 2025.

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The GM Cruise Preferred Shares are convertible into common stock of GM Cruise Holdings, at specified exchange ratios, at the option of SoftBank or upon occurrence of an initial public offering. The GM Cruise Preferred Shares are entitled to receive the greater of their carrying value or a pro-rata share of any proceeds or distributions upon the occurrence of a merger, sale, liquidation, or dissolution of GM Cruise Holdings. Beginning on June 28, 2025, SoftBank has the option to convert all of the GM Cruise Preferred Shares into our common stock at a conversion ratio that is indexed to the fair value of GM Cruise Holdings at the time of conversion. We have the option to settle the conversion feature with our common shares or cash, and in certain situations with nonredeemable, nonconvertible preferred shares. Beginning on June 28, 2025, we can call all, but not less than all of the GM Cruise Preferred Shares held by SoftBank at an amount equal to the greater of the original investment amount plus accrued distributions paid in-kind and the fair value of GM Cruise Holdings at the time of conversion. The GM Cruise Preferred Shares are classified as noncontrolling interests in our consolidated financial statements.

**GM Cruise Common Shares** In October 2018, GM Cruise Holdings entered into a Purchase Agreement with Honda, pursuant to which Honda invested \$750 million in GM Cruise Holdings in exchange for Class E Common Shares, representing 5.7% of the fully diluted equity of GM Cruise Holdings at closing. In addition, Honda agreed to contribute approximately \$2.0 billion primarily in the form of a long-term annual fee to GM Cruise Holdings for certain rights to use GM Cruise Holdings' trade names and trademarks and the exclusive right to partner with GM Cruise Holdings to develop, deploy, and maintain a foreign market. The remaining contribution or funding will come in the form of shared development costs for a SAV that Honda, General Motors Holdings LLC and GM Cruise Holdings will jointly develop for deployment onto GM Cruise's autonomous vehicle network. All proceeds are designated exclusively for working capital and general corporate purposes of GM Cruise. At the later of October 3, 2025 or the termination of the commercial agreements between GM Cruise Holdings and Honda, GM Cruise Holdings can call all, but not less than all of the Class E Common Shares at an amount equal to the then fair value of GM Cruise Holdings. The Class E Common Shares are classified as noncontrolling interests in our consolidated financial statements.

**GM Korea Preferred Shares** In the year ended December 31, 2018 KDB purchased \$720 million of GM Korea Preferred Shares. Dividends on the GM Korea Preferred Shares are cumulative and accrue at an annual rate of 1%. GM Korea can call the preferred shares at their original issue price six years from the date of issuance and once called, the preferred shares can be converted into common shares of GM Korea at the option of the holder. The GM Korea Preferred Shares are classified as noncontrolling interests in our consolidated financial statements. The KDB investment proceeds can only be used for purposes of funding capital expenditures in GM Korea. In conjunction with the GM Korea Preferred Share issuance we agreed to provide GM Korea future funding, if needed, not to exceed \$2.8 billion through December 31, 2027, inclusive of \$2.0 billion of planned capital expenditures through 2027.

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

	Years Ended December 31,		
	2018	2017	2016
<b>Foreign Currency Translation Adjustments</b>			
Balance at beginning of period	\$ (1,606)	\$ (2,355)	\$ (2,034)
Other comprehensive income (loss) and noncontrolling interests before reclassification adjustment, net of tax and impact of adoption of accounting standards(a)(b)(c)	(664)	560	(317)
Reclassification adjustment, net of tax(a)	20	189	(4)
Other comprehensive income (loss), net of tax(a)	(644)	749	(321)
Balance at end of period	<u>\$ (2,250)</u>	<u>\$ (1,606)</u>	<u>\$ (2,355)</u>
<b>Defined Benefit Plans</b>			
Balance at beginning of period	\$ (6,398)	\$ (6,968)	\$ (5,999)
Other comprehensive loss and noncontrolling interests before reclassification adjustment, net of impact of adoption of accounting standards(b)(c)	(580)	(798)	(1,546)
Tax benefit	100	98	459
Other comprehensive loss and noncontrolling interests before reclassification adjustment, net of tax and impact of adoption of accounting standards(b)(c)	(480)	(700)	(1,087)
Reclassification adjustment, net of tax(a)(d)	141	1,270	118
Other comprehensive income (loss), net of tax	(339)	570	(969)
Balance at end of period(e)	<u>\$ (6,737)</u>	<u>\$ (6,398)</u>	<u>\$ (6,968)</u>

(a) The income tax effect was insignificant in the years ended December 31, 2018, 2017 and 2016.

(b) The noncontrolling interests are insignificant in the years ended December 31, 2018, 2017 and 2016.

(c) Refer to Note 2 for additional information on adoption of accounting standards in 2018.

(d) \$1.2 billion is included in the loss on sale of the Opel/Vauxhall Business in the year ended December 31, 2017. An insignificant amount is included in the computation of periodic pension and OPEB (income) expense in the years ended December 31, 2018, 2017 and 2016.

(e) Consists primarily of unamortized actuarial loss on our defined benefit plans. Refer to the critical accounting estimates section of our MD&A for additional information.

**Note 21. Earnings Per Share**

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

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

	Years Ended December 31,		
	2018	2017	2016
<b>Basic earnings per share</b>			
Income from continuing operations(a)	\$ 8,084	\$ 348	\$ 9,428
Less: cumulative dividends on subsidiary preferred stock	(98)	(16)	—
Income from continuing operations attributable to common stockholders	7,986	332	9,428
Loss from discontinued operations, net of tax	70	4,212	1
Net income (loss) attributable to common stockholders	\$ 7,916	\$ (3,880)	\$ 9,427
Weighted-average common shares outstanding	1,411	1,465	1,540
Basic earnings per common share – continuing operations	\$ 5.66	\$ 0.23	\$ 6.12
Basic loss per common share – discontinued operations	\$ 0.05	\$ 2.88	\$ —
Basic earnings (loss) per common share	\$ 5.61	\$ (2.65)	\$ 6.12
<b>Diluted earnings per share</b>			
Income from continuing operations attributable to common stockholders – diluted(a)	\$ 7,986	\$ 332	\$ 9,428
Loss from discontinued operations, net of tax – diluted	\$ 70	\$ 4,212	\$ 1
Net income (loss) attributable to common stockholders – diluted	\$ 7,916	\$ (3,880)	\$ 9,427
Weighted-average common shares outstanding – basic	1,411	1,465	1,540
Dilutive effect of warrants and awards under stock incentive plans	20	27	30
Weighted-average common shares outstanding – diluted	1,431	1,492	1,570
Diluted earnings per common share – continuing operations	\$ 5.58	\$ 0.22	\$ 6.00
Diluted loss per common share – discontinued operations	\$ 0.05	\$ 2.82	\$ —
Diluted earnings (loss) per common share	\$ 5.53	\$ (2.60)	\$ 6.00
Potentially dilutive securities(b)	9	—	—

(a) Net of Net loss attributable to noncontrolling interests.

(b) Potentially dilutive securities attributable to outstanding stock options and RSUs were excluded from the computation of diluted EPS because the securities would have had an antidilutive effect.

**Note 22. Discontinued Operations**

On March 5, 2017 we entered into the Master Agreement to sell our European Business to PSA Group. 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) \$808 million in warrants in PSA Group; partially offset by (3) a \$455 million de-risking premium payment made to PSA Group for assuming certain underfunded pension liabilities. The warrants are not exercisable for five years from closing.

The total charge from the sale of the European Business during the year ended December 31, 2017 was \$6.2 billion, net of tax, of which \$3.9 billion was recorded in Loss from discontinued operations, net of tax, and \$2.3 billion was recorded in Income tax expense. The charge related 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 \$525 million as a result of the sale of the Fincos, which included the recognition of \$197 million of foreign currency translation losses; (4) a pre-tax charge of \$421 million for the cancellation of production programs resulting from the convergence of vehicle platforms between our European Business and PSA Group; and (5) other insignificant costs to support the separation of operations provided for a period of time following closing; partially offset by proceeds.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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 year ended December 31, 2017 our wholly owned subsidiary (the Seller) made payments to PSA Group, or one or more pension funding vehicles, of \$3.4 billion in respect of these assumed liabilities, which included pension funding payments for active employees and the de-risking premium payment of \$455 million discussed above.

The Seller 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 certain emissions and product liabilities. The Company entered into a guarantee for the benefit of PSA Group and pursuant to which the Company 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.

Although the sale reduced our new vehicle presence in Europe, we may still be impacted by actions taken by regulators related to vehicles sold before the sale. In Germany, the Kraftfahrt-Bundesamt (KBA) issued an order in October 2018 converting Opel's existing voluntary recall of certain vehicles into a mandatory recall for allegedly failing to comply with certain emissions regulations. In addition, at the KBA's request, the German authorities recently reopened a separate criminal investigation that had previously been closed with no action. Opel is challenging the mandatory recall order of the KBA in court on the grounds that the emission control systems contained in the subject vehicles, have at all times complied with the regulations in place when the vehicles were manufactured, tested, approved and sold.

Opel voluntarily recalled and serviced many of these vehicles between 2017 and 2018 at its own expense, and this expense should not be transferred to the Seller because it was undertaken voluntarily by Opel and accounted for at the time of the sale. However, the Seller may be obligated to indemnify PSA Group for certain additional expenses resulting from any mandatory recall that is actually implemented, including potential litigation costs, settlements, judgments and potential fines. We are unable to estimate any reasonably possible loss or range of loss that may result from this matter.

We continue to purchase from and supply to PSA Group certain vehicles for a period of time following closing. Total net sales and revenue of \$1.9 billion and \$853 million and purchases and expenses of \$1.4 billion and \$218 million related to transactions with the Opel/Vauxhall Business were included in continuing operations during the years ended December 31, 2018 and 2017. Cash payments of \$1.8 billion and \$242 million and cash receipts of \$2.3 billion and \$1.2 billion were recorded in Net cash provided by (used in) operating activities - continuing operations related to transactions with the Opel/Vauxhall Business during the years ended December 31, 2018 and 2017.

The following table summarizes the results of the European Business operations:

	Years Ended December 31,		
	2018	2017	2016
Automotive net sales and revenue	\$ —	\$ 11,257	\$ 19,704
GM Financial net sales and revenue	—	466	552
Total net sales and revenue	—	11,723	20,256
Automotive and other cost of sales	—	11,049	18,894
GM Financial interest, operating and other expenses	—	342	423
Automotive and other selling, general, and administrative expense	—	813	1,356
Other income (expense) items	—	(72)	93
Loss from discontinued operations before taxes	—	553	324
Loss on sale of discontinued operations before taxes(a)(b)	70	2,176	—
Total loss from discontinued operations before taxes	70	2,729	324
Income tax expense (benefit)(b)(c)	—	1,483	(323)
Loss from discontinued operations, net of tax	\$ 70	\$ 4,212	\$ 1

(a) Includes contract cancellation charges associated with the disposal for the year ended December 31, 2017.

(b) Total loss on sale of discontinued operations, net of tax was \$3.9 billion for the year ended December 31, 2017.

(c) Includes \$2.0 billion of deferred tax assets that transferred to PSA Group in the year ended December 31, 2017.



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

**Note 23. Stock Incentive Plans***GM Stock Incentive Awards*

We grant to certain employees RSUs, RSAs, PSUs and stock options (collectively, stock incentive awards) under our 2016 Equity Incentive Plan and 2017 Long-Term Incentive Plan (LTIP) and prior to the 2017 LTIP, under our 2014 LTIP. The 2017 LTIP was approved by stockholders in June 2017 and replaced the 2014 LTIP. Shares awarded under the plans are subject to forfeiture if the participant leaves the company for reasons other than those permitted under the plans such as retirement, death or disability.

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

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

	Shares (in millions)	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term in Years
Units outstanding at January 1, 2018	52.9	\$ 21.75	2.0
Granted	13.7	\$ 30.41	
Settled	(10.2)	\$ 30.23	
Forfeited or expired	(8.3)	\$ 29.51	
Units outstanding at December 31, 2018(a)	<u>48.1</u>	<u>\$ 19.81</u>	1.3

(a) Includes the target amount of PSUs.

Our weighted-average assumptions used to value our stock options are a dividend yield of 3.69% and 4.43%, expected volatility of 28.0% and 25.0%, a risk-free interest rate of 2.73% and 1.97%, and an expected option life of 5.98 and 5.84 years for options issued during the years ended December 31, 2018 and 2017. There were no stock options issued during the year ended December 31, 2016.

Total compensation expense related to the above awards was \$316 million, \$585 million and \$627 million in the years ended December 31, 2018, 2017 and 2016.

At December 31, 2018 the total unrecognized compensation expense for nonvested equity awards granted was \$208 million. This expense is expected to be recorded over a weighted-average period of 1.3 years. The total fair value of stock incentive awards vested was \$317 million, \$421 million and \$325 million in the years ended December 31, 2018, 2017 and 2016.

*GM Cruise Stock Incentive Awards*

In addition to the awards noted above, stock options and RSUs were granted to GM Cruise employees in common shares of GM Cruise Holdings in the year ended December 31, 2018. These awards were granted under the 2018 Employee Incentive Plan approved by GM Cruise Holdings' Board of Directors in August 2018. Shares awarded under the plan are subject to forfeiture if the participant leaves the company for reasons other than those permitted under the plan. There were no awards granted in GM Cruise common shares for the years ended December 31, 2017 and December 31, 2016. Stock options vest ratably over four to 10 years, as defined in the terms of each award. Stock options expire 10 years from the grant date. RSU awards granted vest upon the satisfaction of both a service condition and a liquidity condition. The service condition for the majority of these awards is

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

satisfied over four years. The liquidity condition is satisfied upon the earlier of the date of a change in control transaction or the consummation of an initial public offering.

Total compensation expense related to GM Cruise Holdings' share-based awards was insignificant for the year ended December 31, 2018. As of December 31, 2018, no share-based compensation expense had been recognized for the RSUs because the liquidity condition described above was not met. Total unrecognized compensation expense for GM Cruise Holdings' nonvested equity awards granted was \$392 million at December 31, 2018, which included the RSUs for which the liquidity condition had not been met. The expense related to stock options is expected to be recorded over a weighted-average period of 8.5 years. The timing of the expense related to RSUs will depend upon the date of the satisfaction of the liquidity condition.

**Note 24. Supplementary Quarterly Financial Information (Unaudited)**

The following tables summarize supplementary quarterly financial information:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
<b>2018</b>				
Total net sales and revenue	\$ 36,099	\$ 36,760	\$ 35,791	\$ 38,399
Automotive and other gross margin(a)	\$ 2,507	\$ 3,204	\$ 3,743	\$ 2,935
Income from continuing operations	\$ 1,110	\$ 2,366	\$ 2,530	\$ 2,069
Loss from discontinued operations, net of tax	\$ 70	\$ —	\$ —	\$ —
Net income attributable to stockholders	\$ 1,046	\$ 2,390	\$ 2,534	\$ 2,044
Basic earnings per common share – continuing operations	\$ 0.78	\$ 1.68	\$ 1.77	\$ 1.42
Basic loss per common share – discontinued operations	\$ 0.05	\$ —	\$ —	\$ —
Diluted earnings per common share – continuing operations	\$ 0.77	\$ 1.66	\$ 1.75	\$ 1.40
Diluted loss per common share – discontinued operations	\$ 0.05	\$ —	\$ —	\$ —

(a) Includes our GM Cruise segment.

In the three months ended March 31, 2018 and June 30, 2018, we collectively recorded charges of \$1.1 billion related to the closure of a facility and other restructuring actions in Korea. In the three months ended September 30, 2018 we recorded charges of \$440 million for ignition switch related legal matters. In the three months ended December 31, 2018 we recorded charges of \$1.3 billion related to transformation activities including employee separation, accelerated depreciation and other charges; and a non-recurring tax benefit of \$1.0 billion related to foreign earnings.

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
<b>2017</b>				
Total net sales and revenue	\$ 37,266	\$ 36,984	\$ 33,623	\$ 37,715
Automotive and other gross margin(a)	\$ 4,758	\$ 4,463	\$ 3,614	\$ 4,385
Income (loss) from continuing operations	\$ 2,686	\$ 2,433	\$ 114	\$ (4,903)
Loss from discontinued operations, net of tax	\$ 69	\$ 770	\$ 3,096	\$ 277
Net income (loss) attributable to stockholders	\$ 2,608	\$ 1,660	\$ (2,981)	\$ (5,151)
Basic earnings (loss) per common share – continuing operations	\$ 1.78	\$ 1.62	\$ 0.08	\$ (3.46)
Basic loss per common share – discontinued operations	\$ 0.05	\$ 0.51	\$ 2.14	\$ 0.19
Diluted earnings (loss) per common share – continuing operations	\$ 1.75	\$ 1.60	\$ 0.08	\$ (3.46)
Diluted loss per common share – discontinued operations	\$ 0.05	\$ 0.51	\$ 2.11	\$ 0.19

(a) Includes our GM Cruise segment.

In the three months ended June 30, 2017, September 30, 2017 and December 31, 2017, we collectively recorded a total charge of \$6.2 billion as a result of the sale of the European Business, of which \$3.9 billion is recorded in Loss from discontinued

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

operations, net of tax, and \$2.3 billion is related to Income tax expense. In the three months ended December 31, 2017, we recorded a \$7.3 billion tax expense related to the U.S. tax reform legislation.

**Note 25. Segment Reporting**

We report segment information consistent with the way the chief operating decision maker evaluates the operating results and performance of the Company. As a result of the growing importance of our autonomous vehicle operations, we moved these operations from Corporate to GM Cruise and began presenting GM Cruise as a new reportable segment in the year ended December 31, 2018. Our GMNA, GMI and GM Financial segments were not significantly impacted. All periods presented have been recast to reflect the changes.

We analyze the results of our business through the following segments: GMNA, GMI, GM Cruise and GM Financial. As discussed in Note 1, the European Business is presented as discontinued operations and is excluded from our segment results for all periods presented. The European Business was previously reported as our GM Europe (GME) segment and part of GM Financial. The chief operating decision maker evaluates the operating results and performance of our automotive segments and GM Cruise through EBIT-adjusted, which is presented net of noncontrolling interests. The chief operating decision maker evaluates GM Financial through earnings before income taxes-adjusted because interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. Each segment has a manager responsible for executing our strategic initiatives. While not all vehicles within a segment are individually profitable on a fully allocated cost basis, those vehicles attract customers to dealer showrooms and help maintain sales volumes for other, more profitable vehicles and contribute towards meeting required fuel efficiency standards. As a result of these and other factors, we do not manage our business on an individual brand or vehicle basis.

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

GMNA meets the demands of customers in North America 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 China, with vehicles developed, manufactured and/or marketed under the Baojun, Buick, Cadillac, Chevrolet, Jiefang and Wuling brands. GM Cruise is our global segment responsible for the development and commercialization of autonomous vehicle technology, and includes autonomous vehicle-related engineering and other costs.

Our automotive operations' interest income and interest expense, Maven, legacy costs from the Opel/Vauxhall Business (primarily pension costs), corporate expenditures and certain nonsegment specific revenues and expenses are recorded centrally in Corporate. Corporate assets consist primarily of cash and cash equivalents, marketable securities, our investment in Lyft, PSA warrants, Maven vehicles and intercompany balances. Retained net underfunded pension liabilities related to the European Business are also recorded in Corporate. All intersegment balances and transactions have been eliminated in consolidation.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The following tables summarize key financial information by segment:

At and For the Year Ended December 31, 2018									
	GMNA	GMI	Corporate	Eliminations	Total Automotive	GM Cruise	GM Financial	Eliminations	Total
Net sales and revenue	\$ 113,792	\$ 19,148	\$ 203		\$ 133,143	\$ —	\$ 14,016	\$ (110)	\$ 147,049
Earnings (loss) before interest and taxes- adjusted	\$ 10,769	\$ 423	\$ (570)		\$ 10,622	\$ (728)	\$ 1,893	\$ (4)	\$ 11,783
Adjustments(a)	\$ (1,236)	\$ (1,212)	\$ (457)		\$ (2,905)	\$ —	\$ —	\$ —	\$ (2,905)
Automotive interest income									335
Automotive interest expense									(655)
Net (loss) attributable to noncontrolling interests									(9)
Income before income taxes									8,549
Income tax expense									(474)
Income from continuing operations									8,075
Loss from discontinued operations, net of tax									(70)
Net loss attributable to noncontrolling interests									9
Net income attributable to stockholders									\$ 8,014
Equity in net assets of nonconsolidated affiliates	\$ 75	\$ 7,761	\$ 24	\$ —	\$ 7,860	\$ —	\$ 1,355	\$ —	\$ 9,215
Goodwill and intangibles	\$ 2,623	\$ 928	\$ 1	\$ —	\$ 3,552	\$ 671	\$ 1,356	\$ —	\$ 5,579
Total assets	\$ 109,763	\$ 24,911	\$ 31,694	\$ (50,690)	\$ 115,678	\$ 3,195	\$ 109,953	\$ (1,487)	\$ 227,339
Expenditures for property	\$ 7,784	\$ 883	\$ 21	\$ (2)	\$ 8,686	\$ 15	\$ 60	\$ —	\$ 8,761
Depreciation and amortization	\$ 4,995	\$ 562	\$ 50	\$ (3)	\$ 5,604	\$ 7	\$ 7,531	\$ —	\$ 13,142
Impairment charges	\$ 55	\$ 466	\$ 6	\$ —	\$ 527	\$ —	\$ —	\$ —	\$ 527
Equity income	\$ 8	\$ 1,972	\$ —	\$ —	\$ 1,980	\$ —	\$ 183	\$ —	\$ 2,163

(a) Consists of restructuring and other charges related to transformation activities of \$1.2 billion in GMNA; charges of \$1.2 billion related to restructuring actions in Korea and other countries in GMI; and charges of \$440 million for ignition switch related legal matters and other insignificant charges in Corporate.

At and For the Year Ended December 31, 2017									
	GMNA	GMI	Corporate	Eliminations	Total Automotive	GM Cruise	GM Financial	Eliminations	Total
Net sales and revenue	\$ 111,345	\$ 21,920	\$ 342		\$ 133,607	\$ —	\$ 12,151	\$ (170)	\$ 145,588
Earnings (loss) before interest and taxes- adjusted	\$ 11,889	\$ 1,300	\$ (921)		\$ 12,268	\$ (613)	\$ 1,196	\$ (7)	\$ 12,844
Adjustments(a)	\$ —	\$ (540)	\$ (114)		\$ (654)	\$ —	\$ —	\$ —	\$ (654)
Automotive interest income									266
Automotive interest expense									(575)
Net (loss) attributable to noncontrolling interests									(18)
Income before income taxes									11,863
Income tax expense									(11,533)
Income from continuing operations									330
Loss from discontinued operations, net of tax									(4,212)
Net loss attributable to noncontrolling interests									18
Net loss attributable to stockholders									\$ (3,864)
Equity in net assets of nonconsolidated affiliates	\$ 68	\$ 7,818	\$ —	\$ —	\$ 7,886	\$ —	\$ 1,187	\$ —	\$ 9,073
Goodwill and intangibles	\$ 2,819	\$ 973	\$ 11	\$ —	\$ 3,803	\$ 679	\$ 1,367	\$ —	\$ 5,849
Total assets	\$ 99,874	\$ 27,712	\$ 30,573	\$ (42,750)	\$ 115,409	\$ 666	\$ 97,251	\$ (844)	\$ 212,482
Expenditures for property	\$ 7,704	\$ 607	\$ 14	\$ —	\$ 8,325	\$ 34	\$ 94	\$ —	\$ 8,453
Depreciation and amortization	\$ 4,654	\$ 708	\$ 32	\$ (1)	\$ 5,393	\$ 1	\$ 6,573	\$ —	\$ 11,967
Impairment charges	\$ 78	\$ 211	\$ 5	\$ —	\$ 294	\$ —	\$ —	\$ —	\$ 294
Equity income	\$ 8	\$ 1,951	\$ —	\$ —	\$ 1,959	\$ —	\$ 173	\$ —	\$ 2,132

(a) Consists of charges of \$460 million related to restructuring actions in India and South Africa in GMI; charges of \$80 million associated with the deconsolidation of Venezuela in GMI and charges of \$114 million for ignition switch related legal matters in Corporate.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

At and For the Year Ended December 31, 2016

	GMNA	GMI	Corporate	Eliminations	Total Automotive	GM Cruise	GM Financial	Eliminations	Total
Net sales and revenue	\$ 119,113	\$ 20,943	\$ 149		\$ 140,205	\$ —	\$ 8,983	\$ (4)	\$ 149,184
Earnings (loss) before interest and taxes- adjusted	\$ 12,388	\$ 767	\$ (902)		\$ 12,253	\$ (171)	\$ 763	\$ 3	\$ 12,848
Adjustments(a)	\$ —	\$ —	\$ (300)		\$ (300)	\$ —	\$ —	\$ —	\$ (300)
Automotive interest income									182
Automotive interest expense									(563)
Net (loss) attributable to noncontrolling interests									(159)
Income before income taxes									12,008
Income tax expense									(2,739)
Income from continuing operations									9,269
Loss from discontinued operations, net of tax									(1)
Net loss attributable to noncontrolling interests									159
Net income attributable to stockholders									\$ 9,427
Equity in net assets of nonconsolidated affiliates	\$ 74	\$ 7,978	\$ —	\$ —	\$ 8,052	\$ —	\$ 944	\$ —	\$ 8,996
Goodwill and intangibles	\$ 3,128	\$ 1,021	\$ 14	\$ —	\$ 4,163	\$ 620	\$ 1,366	\$ —	\$ 6,149
Total assets(b)	\$ 103,908	\$ 27,273	\$ 38,465	\$ (35,139)	\$ 134,507	\$ 548	\$ 87,947	\$ (1,312)	\$ 221,690
Expenditures for property	\$ 7,338	\$ 943	\$ 8	\$ (2)	\$ 8,287	\$ 4	\$ 93	\$ —	\$ 8,384
Depreciation and amortization	\$ 4,292	\$ 702	\$ 18	\$ (5)	\$ 5,007	\$ 1	\$ 4,678	\$ —	\$ 9,686
Impairment charges	\$ 65	\$ 68	\$ —	\$ —	\$ 133	\$ —	\$ —	\$ —	\$ 133
Equity income	\$ 159	\$ 1,971	\$ —	\$ —	\$ 2,130	\$ —	\$ 152	\$ —	\$ 2,282

(a) Consists of a net charge of \$300 million for ignition switch related legal matters.

(b) Assets in Corporate and GM Financial include assets classified as held for sale.

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

	At and For the Years Ended December 31,					
	2018		2017		2016	
	Net Sales and Revenue	Long-Lived Assets	Net Sales and Revenue	Long-Lived Assets	Net Sales and Revenue	Long-Lived Assets
Automotive						
U.S.	\$ 104,413	\$ 25,625	\$ 100,674	\$ 24,473	\$ 110,661	\$ 22,241
Non-U.S.	28,632	13,263	32,775	12,715	29,544	11,258
GM Financial						
U.S.	12,169	41,334	10,489	40,674	7,462	32,506
Non-U.S.	1,835	2,476	1,650	2,467	1,517	2,050
Total consolidated	\$ 147,049	\$ 82,698	\$ 145,588	\$ 80,329	\$ 149,184	\$ 68,055

No individual country other than the U.S. represented more than 10% of our total Net sales and revenue or Long-lived assets.

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

**Note 26. Supplemental Information for the Consolidated Statements of Cash Flows**

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

	Years Ended December 31,		
	2018	2017	2016
<b>Change in other operating assets and liabilities</b>			
Accounts receivable	\$ 492	\$ 1,402	\$ (1,249)
Wholesale receivables funded by GM Financial, net	(2,606)	(2,099)	(2,184)
Inventories	399	440	(75)
Automotive equipment on operating leases	748	(263)	785
Change in other assets	(529)	108	(939)
Accounts payable	(537)	(362)	3,195
Income taxes payable	(75)	(3)	(162)
Accrued and other liabilities	732	(2,238)	1,209
Total	<u>\$ (1,376)</u>	<u>\$ (3,015)</u>	<u>\$ 580</u>
<b>Cash paid for income taxes and interest</b>			
Cash paid for income taxes, net	\$ 660	\$ 656	\$ 676
Cash paid for interest (net of amounts capitalized) – Automotive	\$ 656	\$ 501	\$ 460
Cash paid for interest (net of amounts capitalized) – GM Financial	2,941	2,571	1,761
Total cash paid for interest (net of amounts capitalized)	<u>\$ 3,597</u>	<u>\$ 3,072</u>	<u>\$ 2,221</u>

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**GENERAL MOTORS COMPANY AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

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

None

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**Item 9A. Controls and Procedures**

**Disclosure Controls and Procedures** We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2018. Based on this evaluation required by paragraph (b) of Rules 13a-15 or 15d-15, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2018.

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

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2018, utilizing the criteria discussed in the "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2018. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2018.

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

**Changes in Internal Control over Financial Reporting** There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Beginning in 2019, we are enhancing our close, consolidation, planning and reporting processes through the implementation of a suite of new systems and system architectures. This new suite of systems will allow for increased agility, efficiency, and integration of data across the organization. We are using a phased implementation approach in which the first phase, implemented as of January 1, 2019, impacts our forecast and planning processes, inclusive of our year-over-year operating result changes discussed in the MD&A. The second phase, planned for implementation later in 2019, will impact our close, consolidation, financial reporting processes and related internal controls. For additional information refer to Item 1A. Risk Factors.

/s/ MARY T. BARRA

Mary T. Barra  
Chairman and Chief Executive Officer  
February 6, 2019

/s/ DHIVYA SURYADEVARA

Dhivya Suryadevara  
Executive Vice President and Chief Financial Officer  
February 6, 2019

\* \* \* \* \*

GENERAL MOTORS COMPANY AND SUBSIDIARIES

**Item 9B. Other Information**

As was previously announced by GM on November 29, 2018, effective January 1, 2019, Dan Ammann transitioned from President of GM to Chief Executive Officer of GM Cruise Holdings.

While Mr. Ammann is an employee of GM Cruise Holdings, all awards granted under GM's 2014 LTIP and 2017 LTIP (the Plans) will continue to vest per the terms of the award agreements. In the event of Mr. Ammann's involuntary termination of employment for reasons other than "Cause" (as defined in the Plans), following such transfer, all awards shall continue to vest under the normal conditions as outlined in the award agreements. For any other termination other than disability, death or full career status, all awards will be forfeited per the terms of the Plans. Also, other than an award for service in 2018 as President of GM, while Mr. Ammann is an employee of GM Cruise Holdings, he will not receive an annual award under the 2017 Short-Term Incentive Plan, GM's annual cash incentive plan, the terms of which have been previously disclosed and filed by GM. He will receive a base salary at a level consistent with his seniority and scope of responsibility as CEO of GM Cruise Holdings.

On February 4, 2019, the Compensation Committee of the Board of Directors (Cruise Board) of GM Cruise Holdings granted RSUs for 16,914 GM Cruise Common Shares and stock options for 101,485 GM Cruise Common Shares to Dan Ammann under the GM Cruise Holdings 2018 Employee Incentive Plan.

Vesting of the RSUs is conditioned on satisfaction of a time and service-based requirement (Time-Vesting Condition) and a liquidity event requirement (Performance-Vesting Condition). The Time-Vesting Condition will be satisfied with respect to: (1) 10.0% of the GM Cruise Common Shares on January 15, 2020; (2) 2.5% of the GM Cruise Common Shares on the 15th day of each calendar quarter thereafter; and (3) the final 5.0% vesting on October 15, 2028, provided Mr. Ammann remains a service provider of GM Cruise Holdings on each applicable vesting date. The Time-Vesting Condition will be satisfied as to 100% of the RSUs if the fair market value of the GM Cruise Common Shares meets a certain threshold, as determined by the Cruise Board. The Performance-Vesting Condition will be satisfied upon the earlier to occur of a change in control of GM Cruise Holdings and consummation of an initial public offering of GM Cruise Holdings. The RSUs will not vest unless a change of control or initial public offering occurs before the 10th anniversary of the date of grant of the RSUs. In the event of Mr. Ammann's involuntary termination for reasons other than "Cause" (as defined in his RSU award agreement), the RSUs shall be subject to accelerated vesting in the amount of RSUs that would have become vested had Mr. Ammann remained employed by GM Cruise Holdings for an additional 12 months following the date of termination.

The stock options will vest and become exercisable with respect to: (1) 10.0% of the aggregate GM Cruise Common Shares on January 15, 2020; (2) 2.5% of the aggregate GM Cruise Common Shares on the 15th day of each calendar quarter thereafter; and (3) the final 5.0% vesting on October 15, 2028, provided Mr. Ammann remains a service provider of GM Cruise Holdings on each applicable vesting date. In the event Mr. Ammann's involuntary termination for reasons other than "Cause" (as defined in his stock options award agreement), Mr. Ammann shall be eligible to receive the following: (1) continued payment of his base salary for 12 months following the date of termination; and (2) the stock options shall accelerate and become eligible for immediate exercisability in an amount equal to the number of stock options that would have vested had Mr. Ammann remained employed by GM Cruise Holdings for an additional 12 months following the date of termination.

The RSUs and stock options are subject to the following restrictive covenants: (1) nonsolicitation and noninterference with business relationships; (2) nonsolicitation and noninterference with covered persons; (3) false statements of fact; and (4) confidential information. The RSUs and stock options are also subject to the other terms and conditions of the Employee Incentive Plan.

The foregoing description of the RSUs and the stock options does not purport to be complete and is subject, and qualified in its entirety by reference, to the award agreements and Employee Incentive Plan filed herewith as Exhibits 10.20 - 10.22.

\* \* \* \* \*



**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**PART III**

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

Information required by Items 10, 11, 12, 13 and 14 of this Form 10-K is incorporated by reference from our definitive Proxy Statement for our 2019 Annual Meeting of Stockholders, which will be filed with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of the 2018 fiscal year, all of which information is hereby incorporated by reference in, and made part of, this Form 10-K, except disclosure of our executive officers, which is included in Item 1 of this report.

\* \* \* \* \*

## GENERAL MOTORS COMPANY AND SUBSIDIARIES

## PART IV

## ITEM 15. Exhibits

- (a) 1. All Financial Statements and Supplemental Information  
2. Financial Statement Schedules

All financial statement schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements and notes thereto in Item 8.

3. Exhibits  
(b) Exhibits

Exhibit Number	Exhibit Name	
1.1	<a href="#">Underwriting Agreement, dated February 27, 2018, by and among General Motors Company, UAW Retiree Medical Benefits Trust and Citigroup Global Markets Inc. and Barclays Capital Inc., incorporated herein by reference to Exhibit 1.1 to the Current Report on Form 8-K of General Motors Company filed March 2, 2018</a>	Incorporated by Reference
1.2	<a href="#">Underwriting Agreement, dated September 5, 2018, by and among General Motors Company, as issuer, and Barclays Capital Inc., Deutsche Bank Securities Inc. and SG Americas Securities, LLC, for themselves and as representatives of the several underwriters named therein, incorporated herein by reference to Exhibit 1.1 to the Current Report on Form 8-K of General Motors Company filed on September 10, 2018</a>	Incorporated by Reference
2.1	<a href="#">Master Agreement, dated as of March 5, 2017, between General Motors Holdings, LLC and Peugeot S.A., incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q of General Motors Company filed April 28, 2017**</a>	Incorporated by Reference
2.2	<a href="#">Purchase Agreement by and among General Motors Holdings LLC, GM Cruise Holdings LLC, and Softbank Vision Fund (AIV M1), L.P., dated May 31, 2018, incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q of General Motors Company filed July 25, 2018**</a>	Incorporated by Reference
2.3	<a href="#">Purchase Agreement by and between GM Cruise Holdings LLC and Honda Motor Co., LTD., dated October 3, 2018**</a>	Filed Herewith
3.1	<a href="#">Restated Certificate of Incorporation of General Motors Company dated December 7, 2010, incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010</a>	Incorporated by Reference
3.2	<a href="#">General Motors Company Amended and Restated Bylaws, as amended August 14, 2018, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed August 20, 2018</a>	Incorporated by Reference
4.1	<a href="#">Indenture dated as of September 27, 2013, between General Motors Company and the Bank of New York Mellon, as Trustee, incorporated herein by reference to Exhibit 4.2 to the Registration Statement on Form S-3 of General Motors Company filed April 30, 2014</a>	Incorporated by Reference
4.2	<a href="#">First Supplemental Indenture dated as of September 27, 2013 to the Indenture dated as of September 27, 2013 between General Motors Company and the Bank of New York Mellon, as Trustee, incorporated herein by reference to Exhibit 4.3 to the Registration Statement on Form S-4 of General Motors Company filed May 22, 2014</a>	Incorporated by Reference
4.3	<a href="#">Second Supplemental Indenture dated as of November 12, 2014 to the Indenture dated as of September 27, 2013 between General Motors Company and the Bank of New York Mellon, as Trustee, incorporated herein by reference to Exhibit 4.4 to the Current Report on Form 8-K of General Motors Company filed November 12, 2014</a>	Incorporated by Reference
4.4	<a href="#">Third Supplemental Indenture, dated as of February 23, 2016, to the Indenture, dated as of September 27, 2013, between General Motors Company, as issuer, and The Bank of New York Mellon, as Trustee, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed February 23, 2016</a>	Incorporated by Reference
4.5	<a href="#">Fourth Supplemental Indenture, dated as of August 7, 2017, to the Indenture, dated as of September 27, 2013, between General Motors Company, as issuer, and The Bank of New York Mellon, as Trustee, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed August 8, 2017</a>	Incorporated by Reference
4.6	<a href="#">Fifth Supplemental Indenture, dated as of September 10, 2018, to the Indenture, dated as of September 27, 2013, between General Motors Company, as issuer, and The Bank of New York Mellon, as Trustee, incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of General Motors Company filed September 10, 2018</a>	Incorporated by Reference
4.7	<a href="#">Calculation Agency Agreement, dated as of August 7, 2017 between General Motors Company and the Bank of New York Mellon, as calculation agent, incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K of General Motors Company filed August 8, 2017</a>	Incorporated by Reference
4.8	<a href="#">Calculation Agency Agreement, dated as of September 10, 2018 between General Motors Company and the Bank of New York Mellon, as calculation agent, incorporated herein by reference to Exhibit 4.3 to the Current Report on Form 8-K of General Motors Company filed September 10, 2018</a>	Incorporated by Reference

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

<b>Exhibit Number</b>	<b>Exhibit Name</b>	
10.1	<a href="#">Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009</a>	Incorporated by Reference
10.2	<a href="#">Equity Registration Rights Agreement, dated as of October 15, 2009, between General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, Motors Liquidation Company, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed October 21, 2009</a>	Incorporated by Reference
10.3	<a href="#">Letter Agreement regarding Equity Registration Rights Agreement, dated October 21, 2010, among General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation, the UAW Retiree Medical Benefits Trust and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.43 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010</a>	Incorporated by Reference
10.4*	<a href="#">Form of Compensation Statement, incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010</a>	Incorporated by Reference
10.5*	<a href="#">The General Motors Company Deferred Compensation Plan for Non-Employee Directors, incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed May 6, 2011</a>	Incorporated by Reference
10.6*	<a href="#">General Motors Company Executive Retirement Plan, with modifications through October 10, 2012, incorporated herein by reference to Exhibit 10.12 to the Annual Report on Form 10-K of General Motors Company filed February 15, 2013</a>	Incorporated by Reference
10.7*	<a href="#">Amendment No. 1 to General Motors Company Executive Retirement Plan, with modifications through October 10, 2012, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed February 3, 2016</a>	Incorporated by Reference
10.8*	<a href="#">General Motors Company 2014 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed June 12, 2014</a>	Incorporated by Reference
10.9*	<a href="#">Form of Non-Qualified Stock Option Agreement under the 2014 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed July 30, 2015</a>	Incorporated by Reference
10.10*	<a href="#">Form of General Motors Company Restricted Stock Unit Award Agreement under the 2014 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of General Motors Company filed April 21, 2016</a>	Incorporated by Reference
10.11*	<a href="#">Form of General Motors Company Performance Stock Unit Award Agreement under the 2014 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of General Motors Company filed April 21, 2016</a>	Incorporated by Reference
10.12*	<a href="#">Form of General Motors Company Performance Share Unit Award Agreement under the 2014 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed April 28, 2017</a>	Incorporated by Reference
10.13*	<a href="#">General Motors Company 2016 Equity Incentive Plan, incorporated herein by reference to Exhibit 99.1 to the Registration Statement on Form S-8 of General Motors Company filed May 13, 2016</a>	Incorporated by Reference
10.14*	<a href="#">General Motors Company Vehicle Operations - Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006</a>	Incorporated by Reference
10.15*	<a href="#">Form of Director and Officer Indemnification Agreement, incorporated herein by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of General Motors Company filed April 21, 2016</a>	Incorporated by Reference
10.16*	<a href="#">General Motors Company 2017 Short-Term Incentive Plan, incorporated herein by reference to Exhibit 10.25 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2018</a>	Incorporated by Reference
10.17*	<a href="#">General Motors Company 2017 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-8 of General Motors Company filed June 16, 2017</a>	Incorporated by Reference
10.18*	<a href="#">Form of Performance Share Unit Award Agreement under the General Motors Company 2017 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed April 26, 2018</a>	Incorporated by Reference
10.19*	<a href="#">Form of Non-Qualified Stock Option Award Agreement under the General Motors Company 2017 Long-Term Incentive Plan, incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of General Motors Company filed April 26, 2018</a>	Incorporated by Reference
10.20*	<a href="#">GM Cruise Holdings LLC 2018 Employee Incentive Plan</a>	Filed Herewith
10.21*	<a href="#">Form of GM Cruise Holdings LLC 2018 Employee Incentive Plan Restricted Stock Unit Award Agreement</a>	Filed Herewith
10.22*	<a href="#">Form of GM Cruise Holdings LLC 2018 Employee Incentive Plan Stock Option Award Agreement</a>	Filed Herewith
10.23*	<a href="#">Amended and Restated General Motors LLC U.S. Executive Severance Program</a>	Filed Herewith

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.24	<a href="#">Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, as Warrant Agent, including a Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a \$55 original (\$18.33 after stock split) exercise price and a July 10, 2019 expiration date, incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010</a>	Incorporated by Reference
10.25	<a href="#">Amendment to Warrant Agreements between General Motors Company and U.S. Bank National Association, incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed April 24, 2014</a>	Incorporated by Reference
10.26†	<a href="#">Amended and Restated Master Agreement, dated as of December 19, 2012, between General Motors Holdings LLC and Peugeot S.A., incorporated herein by reference to Exhibit 10.24 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2014</a>	Incorporated by Reference
10.27	<a href="#">Amendment, dated May 2, 2017 to the Master Agreement between General Motors Holdings, LLC and Peugeot S.A., incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of General Motors Company filed July 25, 2017</a>	Incorporated by Reference
10.28	<a href="#">Amendment Number 2, dated July 30, 2017, to the Master Agreement between General Motors Holdings, LLC and Peugeot S.A., incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of General Motors Company filed October 24, 2017</a>	Incorporated by Reference
10.29	<a href="#">Amendment Number 3, dated October 30, 2017, to the Master Agreement between General Motors Holdings, LLC and Peugeot S.A., incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed February 6, 2018</a>	Incorporated by Reference
10.30†	<a href="#">Third Amended and Restated 3-Year Revolving Credit Agreement, dated as of April 18, 2018, among General Motors Company, General Motors Financial Company, Inc., GM Global Treasury Centre, General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed April 20, 2018</a>	Incorporated by Reference
10.31†	<a href="#">Third Amended and Restated 5-Year Revolving Credit Agreement, dated as of April 18, 2018, among General Motors Company, General Motors Financial Company, Inc., GM Global Treasury Centre, General Motors do Brasil Ltda., the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed April 20, 2018</a>	Incorporated by Reference
10.32†	<a href="#">364-Day Revolving Credit Agreement, dated as of April 18, 2018, among General Motors Company, General Motors Financial Company, Inc., GM Global Treasury Centre, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Citibank, N.A., as syndication agent, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of General Motors Company filed April 20, 2018</a>	Incorporated by Reference
10.33	<a href="#">Second Amended and Restated Limited Liability Company Agreement of GM Cruise Holdings LLC, dated October 3, 2018</a>	Filed Herewith
16.1	<a href="#">Letter from Deloitte &amp; Touche LLP, incorporated herein by reference to Exhibit 16.1 to the Current Report on Form 8-K/A of General Motors Company filed February 12, 2018</a>	Incorporated by Reference
21	<a href="#">Subsidiaries and Joint Ventures of the Registrant as of December 31, 2018</a>	Filed Herewith
23.1	<a href="#">Consent of Ernst &amp; Young LLP</a>	Filed Herewith
23.2	<a href="#">Consent of Deloitte &amp; Touche LLP</a>	Filed Herewith
24	<a href="#">Power of Attorney for Directors of General Motors Company</a>	Filed Herewith
31.1	<a href="#">Section 302 Certification of the Chief Executive Officer</a>	Filed Herewith
31.2	<a href="#">Section 302 Certification of the Chief Financial Officer</a>	Filed Herewith
32	<a href="#">Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	Furnished with this Report
101.INS	XBRL Instance Document	Filed Herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed Herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed Herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed Herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed Herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed Herewith

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

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- † Certain confidential portions have been omitted pursuant to a granted request for confidential treatment, which has been separately filed with the SEC.
  - \* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this Report.
  - \*\* The Company agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.

\* \* \* \* \*

**Item 16. Form 10-K Summary**

None

\* \* \* \* \*

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**SIGNATURES**

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

GENERAL MOTORS COMPANY (Registrant)

By: /s/ MARY T. BARRA

Mary T. Barra  
Chairman and Chief Executive Officer

Date: February 6, 2019



**PURCHASE AGREEMENT**

**by and between**

**GM CRUISE HOLDINGS LLC**

**and**

**HONDA MOTOR CO., LTD.**

**Dated as of October 3, 2018**

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## **SCHEDULE**

SCHEDULE A Disclosure Letter

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## PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "Agreement") is entered into as of October 3, 2018, by and between GM Cruise Holdings LLC, a Delaware limited liability company (the "Company"), and Honda Motor Co., Ltd., a Japanese company ("Buyer"). Certain capitalized terms have the meanings set forth in Section 7.13.

### WITNESSETH:

WHEREAS, the Company was formed by General Motors Holdings LLC ("Parent") by the filing of a certificate of formation with the Secretary of State of Delaware on May 23, 2018;

WHEREAS, on June 28, 2018, (i) SB Investment Holdings (UK) Limited ("SoftBank") purchased 900,000 of the Company's Class A-1-A Preferred Shares pursuant to that certain purchase agreement, dated as of May 31, 2018, by and among Parent, the Company and SoftBank (the "SoftBank Transaction") and (ii) in connection with the closing of the SoftBank Transaction, the Company's original LLC agreement was amended and restated (as so amended and restated, the "Existing LLC Agreement");

WHEREAS, on the terms and subject to the conditions contained herein, at the Closing the Company will issue to Buyer, and Buyer will subscribe for and purchase, the Buyer Shares and the Company will admit Buyer as a member of the Company; and

WHEREAS, in connection with the foregoing, and in accordance with the terms and conditions hereof, as of the date of this Agreement (a) the Existing LLC Agreement is being amended and restated pursuant to a Second Amended and Restated Limited Liability Company Agreement (as amended and restated, the "Second A&R LLC Agreement"), (b) the Company, Parent, GM Global Technology Operations LLC ("GTO"), Buyer and Honda R&D Co., Ltd. ("Honda R&D Co") are entering into the Shared Autonomous Vehicle Development Agreement, (c) the Company, Parent and Buyer are entering into the Tripartite Side Letter, (d) the Company and Buyer are entering into the Marketing and Network Access Fee Agreement and (e) General Motors LLC ("GM LLC") and American Honda Motor Co., Inc. ("American Honda") are entering into the ZEV Credit Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree hereby as follows:

### ARTICLE I ISSUANCE AND DELIVERY OF SHARES

Section 1.1 Issuance on the Closing Date. On the terms and subject to the conditions contained herein, at the Closing, the Company shall issue, sell and deliver to Buyer, and Buyer shall

subscribe for, purchase and acquire from the Company 495,000 Class E Common Shares at a per share price of \$1,515.15 (the “Buyer Shares”), free and clear of all Liens (other than any Liens under securities Laws or Liens or other transfer restrictions under the Second A&R LLC Agreement), in consideration for payment by Buyer of an amount equal to \$750,000,000 in cash (the “Purchase Price”). The subscription and sale of the Buyer Shares is referred to in this Agreement as the “Issuance”.

## **ARTICLE II CLOSING**

Section 2.1 Closing; Closing Date. The closing of the Issuance (the “Closing”) shall take place simultaneous with the execution and delivery of this Agreement at the offices of Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York, 10022, or at such other place as the Parties may agree in writing. The date on which the Closing occurs is referred to in this Agreement as the “Closing Date”.

### Section 2.2 Deliveries by Buyer at the Closing.

At the Closing, Buyer shall deliver, or cause to be delivered, to the Company the following:

- (a) the Purchase Price, in cash paid by wire transfer of immediately available funds to an account designated by the Company free and clear of any withholding;
- (b) a duly executed counterpart of the Second A&R LLC Agreement;
- (c) Development Agreement; duly executed counterparts from Buyer and Honda R&D Co of the Shared Autonomous Vehicle
- (d) a duly executed counterpart from American Honda of the ZEV Credit Agreement;
- (e) a duly executed counterpart of the Marketing and Network Access Fee Agreement;
- (f) a duly executed counterpart of the Tripartite Side Letter; and
- (g) a properly completed and duly executed U.S. Internal Revenue Service Form W-9 or W-8, as applicable.

### Section 2.3 Deliveries by the Company at the Closing.

At the Closing, the Company shall deliver, or cause to be delivered by Parent, to Buyer the following:

- (a) a true and correct copy of the Members Schedule to the Second A&R LLC Agreement reflecting that the Buyer Shares have been issued and duly registered in the name of Buyer;
- (b) Development Agreement; duly executed counterparts from Parent, the Company and GTO of the Shared Autonomous Vehicle
- (c) a duly executed counterpart from GM LLC of the ZEV Credit Agreement;
- (d) Agreement; a duly executed counterpart from the Company of the Marketing and Network Access Fee
- (e) duly executed counterparts from Parent and the Company of the Tripartite Side Letter; and
- (f) duly executed counterparts from Parent and the Company of the Second A&R LLC Agreement.

**ARTICLE III  
REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except as disclosed in (a) any document or report filed or furnished by General Motors Company (“GM PubCo”) with the U.S. Securities and Exchange Commission after January 1, 2017 and prior to the date of this Agreement (excluding any disclosures contained in the “Risk Factors” sections of any such filings, any disclosure of risks set forth in any “Forward-Looking Statements” disclaimer contained in any such filings and any other disclosures in such filings that are similarly cautionary, non-specific or predictive in nature) (the “GM SEC Filings”), or (b) the corresponding section of the disclosure letter delivered by the Company to Buyer prior to entering into this Agreement and attached as Schedule A hereto (the “Disclosure Letter”), the Company hereby represents and warrants to Buyer, as of the date of this Agreement, as follows:

Section 3.1 Corporate Organization; Subsidiaries. The Company is a limited liability company, duly organized, validly existing and in good standing under the laws of Delaware. Each member of the Company Group (a) is a corporation or other organization duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, formation or organization, (b) has the requisite corporate or other organizational power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted and (c) is duly qualified or authorized to do business under the laws of each jurisdiction in which it owns or leases real property and each other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except, in each case, where such failures to be so qualified and in good standing, or to have such power, is not and would not reasonably be expected to be, individually or in the aggregate, material to the Company Group, taken as a whole.

Section 3.2 Authority and Validity. The Company has the requisite power and authority to execute and deliver the Transaction Agreements to which the Company is a party, to perform its obligations thereunder and to consummate the Transactions thereunder. The execution and delivery of the Transaction Agreements to which the Company is a party by the Company and the consummation of the Transactions thereunder have been duly and validly authorized by the Company, and no other action on the part of the Company is necessary to approve the execution and delivery of the Transaction Agreements to which the Company is a party or to consummate the Transactions thereunder. The Transaction Agreements to which the Company is a party have been duly and validly executed and delivered by the Company, and when executed and delivered (assuming due authorization, execution and delivery by Buyer and the other parties thereto) will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as may be limited by applicable bankruptcy, fraudulent transfer, insolvency, moratorium or similar Laws of general application relating to or affecting creditors' rights generally and except for the limitations imposed by general principles of equity.

Section 3.3 Non-Contravention. Neither the execution, delivery and performance by the Company of the Transaction Agreements to which the Company is a party, nor the consummation of the Transactions thereunder, will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, amendment, acceleration of or cancellation under any obligations or loss of a material benefit under, or result in the creation of any Lien on any of the assets owned by the Company Group pursuant to, any provision of (a) the Organizational Documents of any member of the Company Group, (b) any applicable Law or order, judgment or decree (each, an "Order") of any Governmental Authority, (c) any Contract to which any member of the Company Group is a party, subject or bound or any Contract necessary for the operation of the business of the Company Group as currently conducted to which the Company is a party, subject or bound, or (d) any of the approvals, authorizations, consents, licenses, permits or certificates (the "Permits") granted by a Governmental Authority that are necessary for the operation of the business of the Company Group as currently conducted, whether held by or in the name of a member of the Company Group, except in the case of clauses (b), (c) or (d), as is not and would not reasonably be expected to be, individually or in the aggregate, material to the Company Group, taken as a whole, and do not and would not reasonably be expected to, individually or in the aggregate, materially delay or impair the ability of the Company to consummate the Transactions.

Section 3.4 Consents and Approvals. No consent, approval, waiver, authorization, Order, Permit, registration, declaration, exemption, filing, notification or other order of, or other action by, any Person is required or necessary for the execution, delivery and performance by the Company of the Transaction Agreements to which the Company is a party or the consummation by the Company of the Transactions thereunder, other than (a) such consents as are required to amend the Existing LLC Agreement, (b) as may be required under any applicable state securities or "blue sky" Laws, or (c) as may be required as a result of facts and circumstances relating solely to Buyer or its Affiliates (including, if applicable pursuant to Section 5.1, CFIUS Approval), except for those consents, approvals, waivers, authorizations, Orders, Permits, registrations, declarations, exemptions, filings, notifications or other orders of, or actions by, any Person that are not and would

not reasonably be expected to be, individually or in the aggregate, material to the Company Group, taken as a whole, and do not and would not reasonably be expected to, individually or in the aggregate, materially delay or impair the ability of the Company to consummate the Transactions.

### Section 3.5 Capitalization.

(a) Except for the Existing LLC Agreement and the Initial Investment Agreements, the Company is not a party to any equityholder agreement, investors' rights agreement, voting agreement, voting trust, right of first refusal and co-sale agreement, management rights agreement or other similar Contract with respect to the voting, registration, redemption, sale, transfer or other disposition of Company Equity Interests or other interests convertible into, exchangeable for or evidencing the right to subscribe for or purchase Company Equity Interests or other ownership interests of the Company.

(b) As of the date of this Agreement, (i) Parent owns 1,100,000 shares of Class A-2 Preferred Shares of the Company and 5,500,000 shares of Class C Common Stock of the Company, (ii) employees of the Company own 217,094 options to purchase shares of Class B Common Stock of the Company ("Options") and 249,907 restricted stock units of the Company ("RSUs") and, together with the Options and Class B Common Stock, the "EIP Stock", (iii) SoftBank owns 900,000 Class A-1-A Preferred Shares, (iv) all such issued and outstanding shares are duly authorized and validly issued, and such shares have not been issued in violation of any preemptive or similar rights and (v) all such issued and outstanding shares have been issued pursuant to valid exemptions from registration under the Securities Act of 1933, as amended (the "Securities Act"), and all other applicable securities laws. As of the date of this Agreement, other than the EIP Stock or pursuant to the Second A&R LLC Agreement or the Initial Investment Agreements, there are no outstanding (A) Company Equity Interests or other interests of the Company subject to any vesting, transfer or other restrictions or (B) rights or obligations of the Company to repurchase, redeem or otherwise acquire Company Equity Interests or other interests of the Company or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase Company Equity Interests or other ownership interests of the Company. There are no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote on any matter of the Company.

(c) As of immediately subsequent to the Closing, other than the EIP Stock, (i) the only equity interests in the Company issued and outstanding are those set forth on the Members Schedule to the Second A&R LLC Agreement (the "Company Equity Interests") and (ii) other than the Company Equity Interests, the EIP Stock and equity interests to be issued pursuant to the EIP or in accordance with the Second A&R LLC Agreement, no membership interests or other voting securities of or equity interests in the Company are issued, reserved for issuance or outstanding and no securities of the Company convertible into or exchangeable or exercisable for membership interests or other voting securities of or equity interests in the Company are issued or outstanding. As of the Closing Date, the Buyer Shares have the terms and conditions and entitle the holders thereof to the rights set forth in the Second A&R LLC Agreement and will be free and clear of all Liens (other than any Liens under securities Laws or Liens or other transfer restrictions under the Second A&R LLC Agreement). Other than the Company Equity Interests, the EIP Stock and equity

interests to be issued pursuant to the EIP or the Second A&R LLC Agreement, as at the Closing there are no outstanding options, warrants, calls, rights of conversion or exchange or other agreements, arrangements or contracts of any kind or character, whether written or oral, relating to the ownership interest in the Company to which the Company is a party, or by which it is bound, obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, any ownership interest in the Company.

(d) The Company owns, directly or indirectly, all of the outstanding equity interests of GM Cruise LLC (“Cruise”) and Strobe, Inc. (“Strobe”) and together with Cruise, the “Company Subsidiaries”), free and clear of any Liens (other than any restrictions under securities Laws or the Existing LLC Agreement). There are no outstanding options, warrants, calls, rights of conversion or exchange or other agreements, arrangements or contracts of any kind or character, whether written or oral, relating to the ownership interest in any Company Subsidiary to which a Company Subsidiary is a party, or by which any of them are bound, obligating any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any ownership interest of any Company Subsidiary.

Section 3.6 Legal Proceedings. As of the date of this Agreement, except as is not and would not reasonably be expected to be, individually or in the aggregate, material to the Company Group, taken as a whole, there are no legal, administrative, arbitration or other proceedings, claims, actions or governmental, audits or regulatory investigations of any nature (each, a “Legal Proceeding”) pending or, to the Knowledge of the Company, threatened against any member of the Company Group or any of their respective properties or assets, or any of the directors or officers of the Company Group with regard to their actions as directors or officers of the Company Group, at Law or in equity by any Person, or before or by any Governmental Authority. Neither Parent nor any member of the Company Group is subject to any Order of any Governmental Authority that would reasonably be expected to be, individually or in the aggregate, material to the Company Group, taken as a whole. As of the date of this Agreement, no member of the Company Group is subject to any settlement agreement with respect to any Legal Proceeding, whether filed or threatened (other than a separation and release agreement entered into with a departing employee or consultant), which contains ongoing payment or other material obligations.

Section 3.7 Taxes and Tax Returns.

(a) All income and other material Tax Returns required to be filed by or with respect to any member of the Company Group have been timely filed or requests for extensions have been timely filed and any such extensions shall have been granted and not expired and all such Tax Returns are true, complete and correct in all material respects. All members of the Company Group have timely paid, or caused to be paid, all material amounts of Taxes due and payable (whether or not shown as due on such Tax Returns).

(b) All members of the Company Group have complied in all material respects with the provisions of the Code relating to the withholding and payment of Taxes.



(c) No claim has been made by any Governmental Authority in a jurisdiction where a member of the Company Group does not file Tax Returns with respect to a particular Tax that such member is or may be subject to taxation in such jurisdiction.

(d) There are no material Liens for any Tax (other than Permitted Liens) upon any asset owned by any member of the Company Group.

(e) No waiver or agreement by a member of the Company Group is in force for the extension of time for the assessment or payment of any Taxes.

(f) There are no pending audits, examinations, investigations or other proceedings in respect of a material amount of Taxes of any member of the Company Group and no written notification has been received by any member of the Company Group that such an audit, examination, investigation or other proceeding in respect of a material amount of Taxes is proposed or threatened, other than, in each case, any audit, examination, investigation or proceeding in respect of any affiliated group (within the meaning of Section 1504 of the Code) or any other affiliated, combined, consolidated, unitary or similar group under any state, local or non-U.S. Law, in each case, the common parent of which is (i) GM PubCo or (ii) any Subsidiary of GM PubCo that is not a member of the Company Group. No Governmental Authority has asserted in writing any deficiency, claim or proposed adjustment with respect to a material amount of Taxes of any member of the Company Group, which deficiency, claim or proposed adjustment has not been satisfied by payment, settled or withdrawn, other than any deficiency, claim or proposed adjustment in respect of any affiliated group (within the meaning of Section 1504 of the Code) or any other affiliated, combined, consolidated, unitary or similar group under any state, local or non-U.S. Law, in each case, the common parent of which is (i) GM PubCo or (ii) any Subsidiary of GM PubCo that is not a member of the Company Group.

(g) No member of the Company Group has (i) been a member of an affiliated group (within the meaning of Section 1504 of the Code), other than any such group the common parent of which was GM PubCo or any member of the Company Group, (ii) been a member of an affiliated, combined, consolidated, unitary, or similar group under any state, local or non-U.S. Law, except, in each case, any such group the common parent of which was GM PubCo or any member of the Company Group, or (iii) any liability for Taxes of any Person (other than a member of the Company Group) under Treasury Regulation Section 1.1502-6 (or any similar provision of applicable state, local or non-U.S. Law), as a transferee or successor, or operation of law, except, in each case, any such liability relating to a group described in clauses (i) and (ii), the common parent of which was GM PubCo or any member of the Company Group.

(h) No member of the Company Group is a party to or bound by, or has any material obligation under, any Tax sharing, Tax allocation or Tax indemnity agreement or similar Contract or arrangement (other than (i) the Transaction Agreements, (ii) the Existing LLC Agreement (including, for the avoidance of doubt, any amendments thereof), or (iii) any Contract or arrangement (A) entered into in the ordinary course of business and that does not relate primarily to Tax or (B) entered into with GM PubCo, any Subsidiary of GM PubCo or Parent).

(i) The Company has made an election to be treated as a corporation for U.S. federal income tax purposes under Treasury Regulation Section 301.7701-3 and has not made any subsequent election to the contrary.

(j) None of the assets of any member of the Company Group (i) consist of unclaimed or abandoned property of any other Person or (ii) would otherwise be subject to the reporting or escheatment Laws of any jurisdiction in respect of unclaimed or abandoned property.

(k) Except as set forth on Section 3.7(k) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries will be required to include any item of income or gain in, or exclude any item of deduction or loss from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in accounting method made prior to the Closing Date, (ii) “closing agreement” described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or foreign Tax law) executed prior to the Closing, (iii) intercompany transactions (including any intercompany transaction subject to Section 367 or 482 of the Code) or excess loss account under Treasury Regulations under Section 1502 of the Code (or any corresponding provision of applicable Law) in connection with a transaction consummated on or prior to the Closing Date, (iv) installment sale or open transaction disposition made prior to the Closing Date, or (v) prepaid amount received prior to the Closing Date.

### Section 3.8 Labor and Employment Matters.

(a) No member of the Company Group is a party to, or bound by, the terms of, any collective bargaining agreement or any other arrangement, formal or informal, with any labor union or organization which obligates any member of the Company Group to recognize a union as the bargaining representative of any of the Company Group’s employees or to compensate the Company Group’s employees at prevailing rates or union scale, nor are any of the Company Group’s employees represented by any labor union or organization or party to any collective bargaining agreements with respect to their employment by any member of the Company Group.

(b) There are no (i) strikes, work stoppages, work slowdowns or lockouts, or (ii) material unfair labor practice charges, material grievances or material complaints, in each of items (i) and (ii), pending or, to the Knowledge of the Company, threatened, by or on behalf of any employee or group of employees that are employed by the Company Group. Each member of the Company Group is, and has been since May 13, 2016, in compliance, in all material respects, with all Laws relating to the employment of labor, including all such Laws relating to wages, hours, social benefits contributions, severance pay, WARN, collective bargaining, discrimination, civil rights, safety and health, immigration, discrimination, workers’ compensation and the collection and payment of withholding or social security Taxes and any similar Tax.

(c) Section 3.8(c) of the Disclosure Letter contains a complete and correct list of each “employee benefit plan” (as defined in Section 3(3) of ERISA) and each other material benefit or compensation plan, program, policy, Contract, agreement or arrangement with respect to which the Company Group has any Liability (each, a “Benefit Plan”). Each Benefit Plan has been

established, maintained, funded and administered in compliance in all material respects with its terms and applicable Laws. Each Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a determination, opinion or advisory letter from the IRS to that effect. No member of the Company Group has any Liability with respect to a plan subject to Section 412 of the Code or Title IV of ERISA, or on account of being considered a single employer under Section 414 of the Code with any other Person. All contributions and premium payments required to have been made under any of the Benefit Plans by applicable Law (without regard to any waivers granted under Section 412 of the Code) have been timely made, except as would not reasonably be expected to result in a material liability to the Company Group.

Section 3.9 Material Contracts.

(a) Excluding the Transaction Agreements and the Initial Investment Agreements, no member of the Company Group is a party to any Contract that is in effect as of the date of this Agreement:

(i) that is required by its terms or is currently expected to result in the payment by the Company Group of more than \$1,000,000 in the current fiscal year, in each case other than purchase orders entered into in the ordinary course of business;

(ii) that is a note, debenture, bond, trust agreement, letter of credit agreement, loan agreement or other Contract for the borrowing or lending of money or agreement or arrangement for a line of credit or guarantee, pledge or undertaking of the indebtedness of any third party;

(iii) relating to (A) the acquisition or disposition of any business, properties, assets or capital stock of any member of the Company Group or any other Person, whether by merger, purchase or sale of stock or assets or otherwise, that contains material ongoing obligations of any member of the Company Group (in each case excluding any Contracts relating to the acquisition or disposition of any assets in the ordinary course of business), or (B) the grant to any Person of any preferential rights to purchase any properties or assets of the Company Group;

(iv) that (A) limits, curtails or restricts the ability of any member of the Company Group to compete in any geographical area, market or line of business, (B) restricts the Persons to whom any member of the Company Group may sell products or deliver services or (C) restricts the Company or any of its Subsidiaries from soliciting or hiring any Person;

(v) pursuant to which (A) the Company Group receives a license or covenant not to sue with respect to any Intellectual Property that is material to the operation of the business of the Company Group as currently conducted (excluding any Contracts for the use of commercially-available software or data available on commercially-available terms for an annual or up-front license fee (whichever is higher) of less than \$100,000) ("Inbound Intellectual Property License"), (B) the Company Group grants a license to or

covenant not to sue with respect to any Company Group Intellectual Property, except for non-exclusive rights that would not reasonably be expected, individually or in the aggregate, to be materially adverse to the business of the Company Group as currently conducted, (C) the Company Group has acquired any material Company Group Intellectual Property from any third party (excluding employees and independent contractors), or (D) the Company Group retains a third party (other than employees or independent contractors) to perform development of Intellectual Property relating to the business of the Company Group or performs joint development with a third party relating to the business of the Company Group, in each case excluding any Contracts with annual or up-front (whichever is higher) payments of less than \$1,000,000;

(vi) covering real property; or

(vii) relating to the employment by any Company Group member of any of its or their employees that provides for payment of base salary or base wage rate in excess of \$250,000 per year (other than offer letters to “at will” employees issued in the ordinary course of business).

Each Contract set forth in Section 3.9(a) of the Disclosure Letter is referred to herein as a “Material Contract”.

(b) The Company has made available to Buyer a true, correct and complete copy of each Material Contract as of the date of this Agreement. As of the date of this Agreement, each Material Contract is valid and binding on the applicable member of the Company Group (subject, in each case, to applicable bankruptcy, fraudulent transfer, insolvency, moratorium or similar Laws of general application relating to or affecting creditors’ rights generally and except for the limitations imposed by general principles of equity) and in full force and effect with respect to the applicable member of Company Group and, to the Knowledge of the Company, the other parties thereto, except for any such failure to be valid or binding or in full force and effect as is not and would not reasonably be expected to, individually or in the aggregate, material to the Company Group, taken as a whole. As of the date of this Agreement, no member of the Company Group nor, to the Knowledge of the Company, any other party to a Material Contract is in breach of or default under a Material Contract, except for such breaches or defaults that are not and would not reasonably be expected to be, individually or in the aggregate, material to the Company Group, taken as a whole. As of the date of this Agreement, no member of the Company Group has received any notice of termination or cancellation under any Material Contract.

Section 3.10 Compliance with Applicable Laws; Permits. The Company Group is, and since May 13, 2016 has been at all times, in compliance in all material respects with all applicable Laws. The Company Group has, or has the benefit of by virtue of being an Affiliate of Parent, all Permits necessary for the conduct of the business of the Company Group as currently conducted, and the business of the Company Group has been since May 13, 2016 and is being conducted in compliance in all material respects with all such Permits. The Company Group is not in material default or violation, and, to the Knowledge of the Company, no event has occurred which, with

notice or the lapse of time or both, would constitute a material default or violation of any term, condition or provision of any Permit.

Section 3.11 Intellectual Property.

(a) Section 3.11(a) of the Disclosure Letter sets forth an accurate and complete list of all of the following that is owned (in whole or in part) by the Company Group members (solely or jointly) as of the date of this Agreement (the "Company Group Registered IP"): (i) issued patents and pending patent applications; (ii) registered trademarks and pending applications for registration of trademarks, (iii) registered copyrights, and (iv) material registered Internet domain names. In each case other than such fees or filings (as applicable) that GM PubCo and its Affiliates or the Company Group (as applicable), in accordance with their ordinary course business practices, has elected not to pay or make, (x) all necessary registration, maintenance and renewal fees with respect to Company Group Registered IP will have been paid in connection with the Company Group Registered IP; and (y) all material documents and certificates have been filed in connection with such Company Group Registered IP with the relevant patent, copyright, trademark or other authorities in any jurisdiction, as the case may be, for the purposes of maintaining such Company Group Registered IP. The Company Group owns the Company Group Registered IP free and clear of all Liens, except Permitted Liens, subject to the terms of the IPMA regarding the ownership of Intellectual Property as set forth therein. The Company Group Registered IP is subsisting and, to the Knowledge of the Company, valid and enforceable.

(b) The Company Group members solely or jointly own (free and clear of all Liens, other than Permitted Liens) all Company Group Intellectual Property, subject to the terms of the IPMA regarding the ownership of Intellectual Property as set forth therein. To the Knowledge of the Company, all Company Group Intellectual Property (other than Company Group Registered IP) is subsisting, valid and enforceable. To the Knowledge of the Company, the Company Group has not identified in any of its written development plans in existence as of the date of this Agreement any licenses to be obtained for any specific Intellectual Property owned by a third party that is not presently licensed to the Company Group, in each case excluding (i) licenses to be obtained in the ordinary course of business with respect to the Company IT Systems and (ii) other licenses for the use of commercially-available software or data available on commercially-available terms for an annual or up-front license fee (whichever is higher) of less than \$1,000,000.

(c) To the Knowledge of the Company, the conduct of the business of the Company Group as currently conducted does not infringe, misappropriate or otherwise violate and has not since May 13, 2016 infringed, misappropriated or otherwise violated any Person's Intellectual Property and there is no claim of such infringement, misappropriation or other violation pending or threatened in writing against Parent or the Company Group. Neither Parent nor the Company Group has received any written (or, to the Knowledge of the Company, unwritten) notice from any Person in the two (2) years prior to the date hereof challenging the ownership, use, validity or enforceability of any material Parent Intellectual Property or any material Company Group Intellectual Property. This Section 3.11(c) constitutes the sole and exclusive representation and warranty of the Company with respect to any actual or alleged infringement, misappropriation or other violation of any Intellectual Property of any other Person.

(d) To the Knowledge of the Company, no Person is infringing, misappropriating or otherwise violating and no Person has infringed, misappropriated or otherwise violated any Parent Intellectual Property or Company Group Intellectual Property. Neither Parent nor the Company Group has brought any claims relating to the infringement, misappropriation or other violation of any Parent Intellectual Property or Company Group Intellectual Property against any Person since May 13, 2016.

(e) Parent, its Subsidiaries, and the Company Group have taken commercially reasonable measures to protect the confidentiality of the material Trade Secrets of the Company Group. No Trade Secret material to the Company Group has since May 13, 2016 been authorized to be disclosed or, to the Knowledge of the Company, has been actually disclosed by the Parent, its Subsidiaries or the Company Group to any of their past or present employees or any third party other than pursuant to a non-disclosure agreement restricting the disclosure and use thereof. Parent, its Subsidiaries, and the Company Group (i) have policies whereby employees and contractors of Parent, its Subsidiaries, and the Company Group who create or develop material Intellectual Property on behalf of or for the benefit of the Company Group are required to assign to Parent, its Subsidiaries or the Company Group all of such employee's or contractor's rights in such Intellectual Property and (ii) all such employees and contractors have executed valid written agreements pursuant to which such Persons have assigned (or are obligated to assign) to Parent, its Subsidiaries or the Company Group all of such employee's or contractor's rights in such Intellectual Property.

(f) No government funding and no facilities or other resources of any university, college, other educational institution or research center were used in the development of any Parent Intellectual Property or Company Group Intellectual Property, nor does any Governmental Authority or any university, college, other educational institution, or research center own, has made a claim to own, have any other rights in or to (including through any Intellectual Property License), or have any option to obtain any rights in or to, any Parent Intellectual Property or Company Group Intellectual Property.

(g) Except as is not and would not reasonably be expected to be, individually or in the aggregate, material to the Company Group taken as a whole: (i) the Company Group owns or has a valid right to use all material Company IT Systems; (ii) the Company Group has taken (or has had taken on its behalf) reasonable measures to maintain the performance and security of the Company IT Systems; and (iii) to the Knowledge of the Company, the Company IT Systems have not suffered any security breach or material malfunction or failure in the twelve (12) months prior to the date of this Agreement that has caused a significant disruption in the business of the Company Group and has not been remediated in all material respects.

(h) The Company has policies and procedures in place for identifying any Open Source Software used in a product prior to the commercial sale of such product, and determining whether such Open Source Software should be removed or replaced prior to such commercial sale. No Open Source Software is or has been included, incorporated or embedded in, linked to, combined or distributed with or used in the development, maintenance, operation, delivery or provision of any Parent Software or the Company Group Software, in each case, in a manner that currently

requires or obligates the Parent or the Company Group, based solely on the manner in which the Parent Software or the Company Group Software is as of the date of this Agreement used in the operation of the business of the Company Group as currently conducted, to disclose, contribute, distribute, license or otherwise make available to any Person (including the open source community) the source code for any Parent Software or the Company Group Software, as applicable.

(i) Section 3.11(i) of the Disclosure Letter sets forth a complete list of all Contracts pursuant to which any member of the Company Group is obligated to provide to any Person (other than Parent or its Subsidiaries or the Company Group) the source code for any Parent Software or Company Group Software that is material to the conduct of the business of the Company Group as currently conducted (but excluding any such obligation arising under any Open Source Software licenses) or pursuant to which the source code or related proprietary information of Parent for any such Parent Software or the Company Group for any such Company Group Software is deposited in or required to be deposited in escrow.

#### Section 3.12 Privacy and Data Security.

(a) Except as is not and would not reasonably be expected to, be individually or in the aggregate, material to the Company Group, taken as a whole, the Company Group and to the Knowledge of the Company, any Person acting for or on the Company Group's behalf have at all times since May 13, 2016 complied with (i) all applicable Privacy Laws (to the extent applicable to the Company Group with respect to Persons acting for or on behalf of the Company Group), (ii) all of the Company Group's written policies and notices regarding Personal Information, and (iii) all of the Company Group's contractual obligations with respect to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security (technical, physical and administrative), disposal, destruction, disclosure, or transfer (including cross-border) of Personal Information. The Company Group has not received in the past twelve (12) months prior to the date of this Agreement any written notice of any claims (including notice from third parties acting on its behalf) of, or been charged with, the violation of, any Privacy Laws, applicable privacy policies, or contractual commitments with respect to Personal Information. Since May 13, 2016 none of the Company Group's privacy policies or notices have contained any material omissions or been misleading or deceptive in a manner that is not in compliance in all material respect with applicable Privacy Laws.

(b) The Company Group has (i) implemented and at all times since May 13, 2016 maintained reasonable safeguards to protect Personal Information in its possession or under its control against loss, theft, misuse or unauthorized access, use, modification or disclosure; and (ii) when engaging third-party service providers, outsourcers, processors or other third parties who process, store or otherwise handle Personal Information for or on behalf of the Company Group, made commercially reasonable efforts to ensure that such third parties have (A) agreed to comply with applicable Privacy Laws and (B) have taken reasonable steps to protect and secure the Personal Information from loss, theft, misuse or unauthorized access, use, modification or disclosure in connection with their performance of services for the benefit of the Company Group. Since May 13, 2016, to the Knowledge of the Company, any third party who has provided Personal Information

to the Company has done so in compliance in all material respects with applicable Privacy Laws, including providing any notice and obtaining any consent required.

(c) To the Knowledge of the Company, since May 13, 2016 there have been no breaches, security incidents, misuse of or unauthorized access to or disclosure of any Personal Information in the possession or control of the Company Group or collected, used or processed by or on behalf of the Company Group and the Company Group has not provided or been required to provide any notices to any Person in connection with a disclosure of Personal Information. The Company Group has implemented reasonable disaster recovery and business continuity plans, and taken actions consistent with such plans, to the extent required, to safeguard the data and Personal Information in its possession or control. Since May 13, 2016 the Company Group has undertaken commercially reasonable privacy and data security testing or audits at reasonable and appropriate intervals. In the six (6) months prior to the date of this Agreement, the Company Group has conducted a reasonable external penetration test using a qualified independent consulting firm, which did not identify any uncontained privacy or data security breaches, material issues, vulnerabilities or threats. Neither the Company Group nor any third party acting at the direction or authorization of the Company Group has paid (i) any unlawful perpetrator of any data breach incident or cyber-attack or (ii) any third party with actual or alleged information about a data breach incident or cyber-attack, pursuant to a request for payment from or on behalf of such perpetrator or other third party with respect to such data breach incident or cyber-attack.

Section 3.13 Broker's Fees. The Company has not employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions, finder's fees or advisor's fees in connection with any of the Transactions for which any member of the Company Group will be liable.

Section 3.14 Affiliate Transactions. There are no legally binding transactions, agreements, arrangements or understandings between or among Parent or any Affiliate thereof or any current officer or director of any member of the Company Group, on the one hand, and any member of the Company Group, on the other hand (an "Affiliate Transaction"), other than (a) with respect to officers and directors of the Company Group, offer letters and other agreements related to employment or employment terms, (b) the Transaction Agreements or such other Contracts expressly described in the Transaction Agreements or (c) the Initial Investment Agreements.

Section 3.15 Financial Statements; Undisclosed Liabilities.

(a) The unaudited financial statements of the Company Group set forth in Section 3.15(a) of the Disclosure Letter, as of and for the year ended December 31, 2017, as of and for the three months ended March 31, 2018 and as of and for the three months ended June 30, 2018 (the "Financial Statements") (i) were derived from the books and records of GM PubCo and financial data used in the preparation of the audited consolidated financial statements of GM PubCo as of and for the year ended December 31, 2017 that were included in GM PubCo's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "2017 Form 10-K") and the unaudited consolidated financial statements of GM PubCo as of and for the three months (x) ended March 31, 2018 that were included in GM PubCo's Quarterly Report on Form 10-Q for the three months



ended March 31, 2018 (the “Q1 2018 10-Q”) and (y) ended June 30, 2018 that were included in GM PubCo’s Quarterly Report on Form 10-Q for the three months ended June 30, 2018 (the “Q2 2018 10-Q”), (ii) are based on allocations of certain costs of GM PubCo to the Company Group based on reasonable, good faith management assumptions utilized in the ordinary course of preparing the 2017 Form 10-K, the Q1 2018 10-Q and the Q2 2018 10-Q, (iii) were prepared in conformity with GAAP applied on a consistent basis, except for (A) the absence of notes, (B) income tax asset, liability and expense accounts, which are included for consolidated reporting purposes solely at the GM PubCo level, but which are not included in the Financial Statements, (C) the absence of incentive compensation costs relating to engineering expenses incurred by Parent on behalf of the Company Group, and (D) the application of purchase accounting to the acquisition of Strobe and (iv) fairly present, in all material respects, the financial position of the Company Group as of the date thereof and for the period indicated therein, except as otherwise noted therein and for the impact of items referred to above (including, for the avoidance of doubt, subclauses (iii)(B), (iii)(C) and (iii)(D) of this Section 3.15(a)), and, subject to (1) the fact that the Company Group was not operated on a stand-alone basis during such period, (2) the fact that the Financial Statements (and the allocations and estimations made by the management of GM PubCo in preparing such Financial Statements) and (3) normal year-end adjustments, (x) were prepared for and utilized in the 2017 Form 10-K, the Q1 2018 10-Q and the Q2 2018 10-Q, (y) are not necessarily indicative of the costs that would have resulted if the Company Group had been operated on a stand-alone basis during such period, and (z) may not be indicative of any such costs to the Company Group that will result following the closing of the SoftBank Transaction or the Closing.

(b) Except (i) as and to the extent reserved or reflected against in the Financial Statements, (ii) for Liabilities incurred by the Company Group in the ordinary course of business or as reasonably required in connection with this Agreement or any other Transaction Agreement or the Transactions or the Initial Investment Agreements, (iii) for Liabilities that are expressly disclosed in the Disclosure Letter, (iv) as contemplated in subclauses (iii)(B), (iii)(C) and (iii)(D) of Section 3.15(a), and (v) for Liabilities that are not and would not reasonably be likely to be, individually or in the aggregate, material to the Company Group, taken as a whole, there are no Liabilities of the Company Group of any kind.

(c) The Company Group makes and keeps books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets in all material respects. None of Parent, any member of the Company Group or its or their independent auditors has identified or been made aware of (i) any fraud, whether or not material, that involves the Company Group’s management or any other current or former employee, consultant, contractor or manager of the Company Group who has a role in the preparation of financial statements or the internal accounting controls utilized by the Company Group, or (ii) any claim or allegation in writing regarding any of the foregoing.

Section 3.16 Absence of Certain Changes. Except as expressly contemplated by this Agreement, between June 30, 2018 and the date of this Agreement (a) there has not been a Material Adverse Effect and (b) the Company Group has not suffered any damage, destruction or loss of any material property or material asset, except ordinary wear and tear.

Section 3.17 Real Property. The Company Group does not currently own, and has never in the past owned, any real property. Section 3.17 of the Disclosure Letter sets forth a complete list of all real property and interests in real property leased by the Company Group as lessee or sublessee (individually, a “Real Property Lease” and collectively, the “Real Property Leases” and such related properties being referred to herein individually as a “Company Property” and collectively as the “Company Properties”). The Company Properties constitute all interests in real property currently used or currently held for use in connection with the business of the Company Group. The Company Group has a valid and enforceable leasehold interest, free and clear of any Liens, other than Permitted Liens, under each of the Real Property Leases, and has not granted any other Person the right to occupy any of the premises subject to a Real Property Lease.

Section 3.18 Tangible Personal Property. The Company Group has good and marketable title to, or, in the case of leased properties and assets, valid leasehold interests in, all of the material items of tangible personal property used or held for use in the business of the Company Group (except as sold or disposed of subsequent to the date hereof in the ordinary course of business), free and clear of any and all Liens, other than Permitted Liens and such imperfections of title, if any, that do not materially interfere with the present value of such property.

Section 3.19 Applicable ABAC/AML/Trade Laws. Since May 13, 2016:

(a) To the Knowledge of the Company, neither the Company Group nor any Associated Person of the Company Group has violated any of the Applicable ABAC Laws, Applicable AML Laws or Applicable Trade Laws.

(b) To the best of the Knowledge of the Company Group, neither the Company Group nor any Associated Person of the Company Group has (i) been fined or otherwise penalized under any of the Applicable ABAC Laws, Applicable AML Laws or Applicable Trade Laws, (ii) received a written notice from a Governmental Authority concerning an actual or possible violation by the Company Group or any Associated Person of the Company Group of any of the Applicable ABAC Laws, Applicable AML Laws or Applicable Trade Laws or (iii) received any other report or discovered any evidence suggesting that the Company Group or any Associated Person of the Company Group has violated any of the Applicable ABAC Laws, Applicable AML Laws or Applicable Trade Laws.

(c) Neither any member of the Company Group nor any Associated Person of the Company Group is a Blocked Person or, to the Knowledge of the Company, (i) has done anything that is likely to result in it or them becoming a Blocked Person or (ii) acts under the direction of, on behalf of, or for the benefit of a Blocked Person.

Section 3.20 Insurance. As of the date of this Agreement, the members of the Company Group are insured against such losses and risks and in such amounts as are customary in the businesses in which they are engaged. All insurance policies held by or applicable to the Company Group are in full force and effect. None of the members of the Company Group is in default with respect to any material provision contained in any material insurance policy nor has any member of the Company Group failed to give any material notice or present any material claim under any such policy in due and timely fashion since May 13, 2016. Since May 13, 2016, no notice of cancellation or termination has been received by Parent or any member of the Company Group with respect to any of such insurance policies.

Section 3.21 No Other Representations and Warranties. Except for the representations and warranties contained in Article IV or in any other Transaction Agreement, the Company acknowledges that none of Buyer, its Affiliates or its or their Representatives (in each case solely in connection with the Transactions) (i) has made or makes any other express or implied representation or warranty, either written or oral, including any representation or warranty as to the accuracy or completeness of any information regarding Buyer or any of its Affiliates, or Representatives of any of the foregoing, furnished or made available to the Company or its Affiliates or their Representatives and (ii) except as expressly otherwise provided herein or in any other Transaction Agreement, will have or be subject to any liability or indemnification obligation to the Company or its Affiliates resulting from the delivery, dissemination or any other distribution to the Company or its Affiliates or any of their Representatives, or the use by the Company or its Affiliates or any of their Representatives, of any materials, documentation estimates, projections, forecasts, forward-looking information, business plans or other oral or other information during the course of due diligence or any negotiation process (including information memoranda, dataroom materials, projections, estimates, management presentations, budgets and financial data and reports).

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to the Company and Parent, as of the date of this Agreement, as follows:

Section 4.1 Corporate Organization. Each of Buyer, Honda R&D Co and American Honda (a) is a corporation or other organization duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation, formation or organization, (b) has the power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted and (c) is duly qualified to do business, and is in good standing (if applicable) in each jurisdiction in which the nature of its business or the ownership of its properties makes such qualification necessary, except for where such failures to be so qualified and in good standing do not and would not reasonably be expected to, individually or in the aggregate, materially delay or impair the ability of such Person to consummate the Transactions pursuant to the Transaction Agreements to which such Person is a party.

Section 4.2 Authority and Validity. Each of Buyer, Honda R&D Co and American Honda has the corporate power and authority to execute and deliver this Agreement and/or each Transaction

Agreements to which it is a party, to perform its obligations hereunder and/or thereunder and to consummate the Transactions. The execution and delivery of this Agreement and the other Transaction Agreements and the consummation of the Transactions pursuant to the Transaction Agreements have been duly and validly authorized by Buyer, Honda R&D Co and American Honda and no other action on the part of Buyer, Honda R&D Co or American Honda is necessary to approve the execution and delivery of this Agreement or the other Transaction Agreements or to consummate the Transactions pursuant to the Transaction Agreements. This Agreement and the other Transaction Agreements have been duly and validly executed and delivered by Buyer, Honda R&D Co (as applicable) and American Honda (as applicable) and (assuming due authorization, execution and delivery by the Company and Parent, as applicable) constitutes valid and binding obligations of Buyer, Honda R&D Co (as applicable) and American Honda (as applicable), enforceable against Buyer, Honda R&D Co and American Honda in accordance with their respective terms, except as may be limited by applicable bankruptcy, fraudulent transfer, insolvency, moratorium or similar Laws of general application relating to or affecting creditors' rights generally and except for the limitations imposed by general principles of equity.

Section 4.3 Non-Contravention. Neither the execution, delivery and performance by Buyer, Honda R&D Co or American Honda of this Agreement and the other Transaction Agreements, nor the consummation by Buyer, Honda R&D Co or American Honda of the Transactions contemplated by the Transaction Agreements, will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under, any provision of (a) the Organizational Documents of Buyer, Honda R&D Co or American Honda, or (b) any applicable Law or Order of any Governmental Authority (except for such conflicts or violations, in the case of this clause (b), that do not and would not reasonably be expected to, individually or in the aggregate, materially delay or impair the ability of Buyer, Honda R&D Co or American Honda to consummate the Transactions contemplated by the Transaction Agreements.

Section 4.4 Consents and Approvals. No material consent, approval, waiver, authorization, Order, Permit, registration, declaration, exemption, filing, notification or other order of, or other action by, any Person is required or necessary for the execution, delivery and performance by Buyer, Honda R&D Co or American Honda of this Agreement or any other Transaction Agreement or the consummation by Buyer, Honda R&D Co and American Honda of the transactions contemplated hereby or thereby, other than (a) any filing required to obtain CFIUS Approval, (b) as may be required under any applicable state securities or "blue sky" Laws, and (c) as may be required as a result of facts and circumstances relating solely to the Company Group, Parent or their Affiliates, except for those consents, approvals, waivers, authorizations, Orders, Permits, registrations, declarations, exemptions, filings, notifications or other orders of, or other actions by, any Person that do not and would not reasonably be expected to, individually or in the aggregate, materially delay or impair the ability of Buyer, Honda R&D Co or American Honda to consummate the Transactions contemplated by the Transaction Agreements.

Section 4.5 Accredited Investor Status. Buyer is an "accredited investor" within the meaning of Rule 501 under the Securities Act. Buyer is an informed and sophisticated investor in securities and has sufficient knowledge and experience in financial and business matters to evaluate

the merits and risks of its investment in the Buyer Shares and to bear the economic risks of such investment. Buyer has performed its own due diligence and business investigation with respect to the Company and been afforded the opportunity to ask questions of the Company's management concerning the Company and the Buyer Shares. Buyer understands that its investment in the Buyer Shares involves a significant degree of risk.

Section 4.6 Investment Intention; Sale or Transfer. Buyer is acquiring the Buyer Shares solely for its own account, for investment purposes and not with a view to, or for offer or sale in connection with, the distribution (as such term is used in Section 2(a)(11) of the Securities Act) thereof. Buyer acknowledges that (a) the issuance of the Buyer Shares has not been and is not being registered under the Securities Act or any applicable state securities laws, and cannot be sold unless subsequently so registered or an exemption from such registration is available, (b) the Buyer Shares may not be sold or otherwise transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from, or a transaction not subject to, registration under the Securities Act and applicable securities laws, (c) neither the Company nor any other Person is under any obligation to register the Buyer Shares under the Securities Act or any state securities laws with respect to any offering thereof by Buyer or to comply with the terms and conditions of any exemption thereunder, except as otherwise provided in the Transaction Agreements, and (d) any sale or transfer of the Buyer Shares is subject to the restrictions contained in, and must comply with the terms and conditions of, the Second A&R LLC Agreement applicable to such transfer or sale.

Section 4.7 Broker's Fees. Neither Buyer nor any of its Affiliates have employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions, finder's fees or financial advisor's fees in connection with any of the Transactions except as payable solely by Buyer.

Section 4.8 Legal Proceedings.

(a) As of the date of this Agreement there are no Legal Proceedings pending and, to the Knowledge of Buyer, there are no Legal Proceedings threatened against Buyer, Honda R&D Co or American Honda or any of their respective Affiliates or any of their properties or assets, or any of the managers or officers of the Buyer, Honda R&D Co or American Honda or their respective Affiliates with regard to their actions as managers or officers of the Buyer, Honda R&D Co or American Honda or their Affiliates, before any Governmental Authority that will or would reasonably be expected to, individually or in the aggregate, materially delay or impair the ability of Buyer, Honda R&D Co or American Honda to consummate the Transactions pursuant to the Transaction Agreements to which such Persons are a party.

(b) None of Buyer, Honda R&D Co or American Honda or any Affiliate or Associated Person of Buyer, Honda R&D Co or American Honda is, or has since August 1, 2013 been, a Blocked Person or, to the Knowledge of Buyer; (i) has done anything that is likely to result in it or them becoming a Blocked Person; or (ii) acts under the direction of, on behalf of, or for the benefit of a Blocked Person.

Section 4.9 No Other Representations and Warranties; Non-Reliance on Company Estimates.

(a) Except for the representations and warranties contained in Article III, Buyer acknowledges that neither the Company nor its Affiliates (including Parent) or any Representatives of the foregoing (in each case solely in connection with the Transactions) (i) has made or makes any other express or implied representation or warranty, either written or oral, including any representation or warranty as to the accuracy or completeness of any information regarding Parent, the Company or their respective Affiliates or any Representatives of the foregoing, furnished or made available to Buyer, its Affiliates or any of their Representatives and (ii) except as expressly otherwise provided herein or in any other Transaction Agreement, will have or be subject to any liability or indemnification obligation to Buyer, its Affiliates or any of its or their Representatives resulting from the delivery, dissemination or any other distribution to Buyer, its Affiliates or any of its or their Representatives, or the use by Buyer, its Affiliates or any of its or their Representatives, of any materials, documentation estimates, projections, forecasts, forward-looking information, business plans or other oral or other information during the course of due diligence or any negotiation process (including information memoranda, dataroom materials, projections, estimates, management presentations, budgets and financial data and reports).

(b) In connection with the due diligence investigation of the Company Group, and the business thereof, by Buyer, Buyer and/or its Representatives have received and may continue to receive from the Company and its Affiliates (including Parent) and their respective Representatives certain estimates, projections, forecasts and other forward-looking information, as well as certain business plan information, regarding the Company Group and its business and operations. Buyer hereby acknowledges that there are uncertainties inherent in attempting to make such estimates, projections, forecasts and other forward-looking statements, as well as in such business plans, with which Buyer is familiar, that Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections, forecasts and other forward-looking information, as well as such business plans, so furnished to Buyer (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, forward-looking information or business plans), and that Buyer has not relied on such information.

**ARTICLE V**  
**ADDITIONAL COVENANTS AND AGREEMENTS**

Section 5.1 CFIUS.

(a) The Parties agree to (i) engage CFIUS at a time mutually agreed by the Parties and (ii) if so required by CFIUS, make a joint draft voluntary notice. Subject to applicable Law relating to the sharing of information, the Parties further agree to supply, as promptly as practicable and advisable (and in any case within the time periods set forth by CFIUS), any additional information and documentary material that may be required or requested by the applicable Governmental Authority. Subject to applicable Law relating to the sharing of information, both Parties agree to provide the other Party as promptly as practicable with such assistance as such other Party reasonably requests for the purposes of such filings.

(b) Unless Honda and Parent, following consultation with CFIUS, shall have agreed to proceed without filing a formal notice to CFIUS, the Parties shall, and shall cause their Affiliates to, use their respective reasonable best efforts to obtain CFIUS Approval as promptly as practicable following the date of this Agreement.

Section 5.2 Cooperation. Except as otherwise provided herein, in case at any time after the date of this Agreement any further action is necessary to carry out the purposes of this Agreement, the Parties agree to use their commercially reasonable efforts to take or cause to be taken all such reasonably necessary or appropriate action in accordance with and subject to the terms of this Agreement.

Section 5.3 Publicity. The Parties agree that there will be an initial joint press announcement with respect to this Agreement and the other Transactions in a form previously agreed upon by the Parties. At and after the Closing, the rights and obligations of Buyer and the Company with respect to the disclosure of information related to the Transactions will be governed exclusively by the Second A&R LLC Agreement.

Section 5.4 Transfer Taxes. Any transfer, documentary, sales, use, stamp, registration or other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) (“Transfer Taxes”) incurred in connection with the Issuance shall be paid by Buyer when due. The Company shall file all necessary Tax Returns and other documentation with respect to all Transfer Taxes and, if required by applicable law, Parent and Buyer will, and will cause their Affiliates, to join in the execution of any such Tax Returns and other documentation.

## **ARTICLE VI INDEMNIFICATION; CERTAIN REMEDIES**

### Section 6.1 Survival.

(a) The representations and warranties of (i) the Company set forth in Sections 3.1 (Corporate Organization; Subsidiaries), 3.2 (Authority and Validity), 3.5 (Capitalization) and 3.13 (Broker’s Fees) (together with the representations and warranties of the Company set forth in Section 3.7 (Taxes and Tax Returns), the “Company Fundamental Reps”), shall survive the Closing until the date that is five (5) years from the Closing Date, (ii) the Company set forth in Article III, excluding the Company Fundamental Reps and the representations and warranties of the Company set forth in Section 3.11 (Intellectual Property), shall survive the Closing until the date that is twelve (12) months from the Closing Date, (iii) the Company set forth in Section 3.7 (Taxes and Tax Returns), shall survive the Closing until the date that is six (6) years from the Closing Date, (iv) the Company set forth in Section 3.11 (Intellectual Property), shall survive the Closing until the date that is three and a half (3.5) years from the Closing Date, (v) Buyer set forth in Sections 4.1 (Corporate Organization), 4.2 (Authority and Validity), 4.5 (Accredited Investor Status) and 4.7 (Broker’s Fees) (the “Buyer Fundamental Reps”) shall survive the Closing until the date that is five (5) years from the Closing Date and (vi) Buyer set forth in Article IV, excluding the Buyer Fundamental Reps (the “Buyer Non-Fundamental Reps”), shall survive the Closing until the date that is twelve (12) months from the Closing Date.

(b) The covenants and agreements of a Party set forth in this Agreement to be performed at or following the Closing shall survive the Closing for the time period contemplated for performance (or, if no time period for performance is contemplated, until the third (3rd) anniversary of the Closing Date), or, if earlier, until fully performed. Notwithstanding the foregoing, if a written claim or written notice is given in good faith under this Article VI with respect to any representation, warranty, covenant or agreement prior to the expiration of the applicable period during which such representation, warranty, covenant or agreement survives, in each case as set forth in this Section 6.1 (such period with respect to such representation, warranty, covenant or agreement, the “Survival Period”), the claim with respect to such representation, warranty, covenant or agreement shall continue until such claim is finally resolved. Any claims for indemnification for which notice under this Article VI is not timely delivered prior to the end of the Survival Period shall be expressly barred and are hereby waived.

Section 6.2 Indemnification by the Company.

(a) Subject to the provisions of this Article VI, the Company hereby agrees to defend, indemnify and hold harmless Buyer and its Affiliates, and any Representatives of any of the foregoing, and Buyer’s successors and assigns (collectively, the “Buyer Indemnified Persons”) from and against, and shall compensate and reimburse them for, any and all Losses (regardless of whether or not such Losses relate to any Third Party Claim) based upon, arising out of or resulting from:

(i) any breach of or inaccuracy in any of the representations or warranties made by the Company in this Agreement; provided, that for purposes of this Section 6.2(a)(i) any limitations or qualifications regarding “materiality” or similar terms or qualifications limiting the scope of such representations or warranties of the Company shall be disregarded (other than as set forth in the definitions of Material Contract and Permitted Liens, and the first sentence of Section 3.8(c), the last instance in Section 3.10, Section 3.11(i), Section 3.15, Section 3.16 and Section 3.18); or

(ii) any breach of or failure to perform any of the Company’s covenants or agreements contained in this Agreement.

Section 6.3 Indemnification by Buyer.

Subject to the provisions of this Article VI, Buyer hereby agrees to defend, indemnify and hold harmless the Company and its Affiliates (including Parent), and any Representatives of any of the foregoing, and each of the successors and assigns of any of the foregoing, from and against, and shall compensate and reimburse them for, any and all Losses (regardless of whether or not such Losses relate to any Third Party Claim) based upon, arising out of or resulting from:

(a) any breach of or inaccuracy in any of the representations or warranties made by Buyer in this Agreement; provided that, for purposes of this Section 6.3(a), any limitations or qualifications regarding “materiality” or similar terms or qualifications limiting the scope of such representations or warranties of Buyer shall be disregarded; or



- (b) any breach of or failure to perform any of Buyer's covenants or agreements contained in this Agreement.

Section 6.4 Indemnification Procedures. In the event that indemnification, compensation or reimbursement may be sought under this Article VI (an "Indemnification Claim") in connection with (a) any action, suit or proceeding that may be instituted or (b) any claim that may be asserted, in each case by a third party (a "Third Party Claim"), the Party seeking indemnification, compensation or reimbursement hereunder (the "Indemnified Party") shall promptly give written notice of the assertion of such Indemnification Claim (which notice shall describe in reasonable detail the relevant Indemnification Claim, the amount thereof (if known and quantifiable) and the basis thereof) to the Party from whom indemnification, compensation or reimbursement hereunder is sought (the "Indemnifying Party") prior to the expiration of the applicable Survival Period set forth in Section 6.1; provided, however, that no delay on the part of the Indemnified Party in giving any such notice shall relieve the Indemnifying Party of any indemnification, compensation or reimbursement obligation hereunder unless (and then solely to the extent that) the Indemnifying Party is materially prejudiced by such delay. The Indemnifying Party shall have the right, at its sole option, to be represented by counsel of its choice (the cost of which will be borne solely by the Indemnifying Party), which must be reasonably satisfactory to the Indemnified Party, and to take sole control and defend against, negotiate, settle or otherwise deal with a Third Party Claim and, if the Indemnifying Party elects to defend against, negotiate, settle or otherwise deal with such Third Party Claim, it shall notify the Indemnified Party of its intent to do so within thirty (30) days (or sooner if the nature of such Third Party Claim so requires) of the receipt by the Indemnifying Party of the notice of the assertion of such Third Party Claim (the "Dispute Period"), subject to the limitations set forth in Section 6.5; provided, however, that the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim if (x) such Third Party Claim relates to or arises from any criminal proceeding, action, indictment, allegation or investigation, or otherwise involves as the counterparty any Governmental Authority, or (y) such Third Party Claim seeks an order, injunction or other equitable relief or relief for other than monetary damages against the Indemnified Party that, in each case of (x) and (y), the Indemnified Party reasonably determines, based on the advice of its outside counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of such Third Party Claim can be so separated from that for money damages, the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages. If the Indemnifying Party is not entitled to, or within the Dispute Period elects not to, defend against, negotiate, settle or otherwise deal with any Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may defend against, negotiate, settle or otherwise deal with such Third Party Claim, subject to the limitations set forth in this Article VI. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party may participate, at its own expense, in the defense of such Third Party Claim; provided, however, that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) the employment of such counsel has been authorized in writing by the Indemnifying Party or (ii) outside counsel to the Indemnified Party advises the Indemnified Party that an actual or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; provided further, that the Indemnifying Party shall not be required to pay

for more than one (1) such counsel for all Indemnified Parties in connection with any single Indemnification Claim. The Parties agree to cooperate reasonably with each other in connection with the defense, negotiation or settlement of any such Third Party Claim. Notwithstanding anything in this Section 6.4 to the contrary, (A) the Indemnifying Party shall not, without the written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed), settle or compromise any Third Party Claim or permit a default or consent to entry of any judgment (each, a "Settlement") unless (1) the claimant provides to the Indemnified Party an unqualified release from all Liability (without any admission of wrongdoing by the Indemnified Party) in respect of the relevant Third Party Claim and (2) such Settlement does not impose any liabilities or obligations on the Indemnified Party (other than monetary damages) and (B) the Indemnified Party, without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed), shall not settle any Third Party Claim.

#### Section 6.5 Limitations on Indemnification for Breaches of Representations and Warranties.

Notwithstanding any provision of this Agreement or any Transaction Agreement to the contrary:

(a) (i) The Company shall not have any indemnification, compensation or reimbursement obligations for Losses under Section 6.2 arising as a result of (A) a breach of the representations and warranties of the Company set forth in Article III, excluding the Company Fundamental Reps (the "Company Non-Fundamental Reps") or (B) a breach of or failure to perform any of the Company's covenants or agreements contained in this Agreement, with respect to any individual claim (or series of related claims) unless such claim (or series of claims) involves Losses in excess of \$250,000 (nor shall such item be applied to or considered for purposes of calculating the Basket (as defined below)); (ii) the Company shall not have any indemnification, compensation or reimbursement obligations for Losses under Section 6.2(a)(i) arising as a result of a breach of the Company Non-Fundamental Reps unless and until the aggregate amount of all such Losses for which the Company is finally determined to be liable exceeds one percent (1%) of the Purchase Price (the "Basket"), and the Company shall only have indemnification obligations to the extent of the excess of such Losses over the Basket, (iii) subject to clause (iv), in no event shall the aggregate indemnification, compensation and reimbursement to be paid by Company for Losses under Section 6.2(a)(i) arising as a result of a breach of the Company Non-Fundamental Reps (including those in Section 3.11) exceed ten percent (10%) of the Purchase Price (the "Closing Cap"), (iv) in no event shall the aggregate indemnification, compensation or reimbursement obligations of the Company for Losses under Section 6.2(a)(i) arising as a result of a breach of the representations and warranties of the Company set forth in Section 3.11, after taking into account the aggregate indemnification, compensation and reimbursement paid by the Company for Losses under Section 6.2(a)(i) arising as a result of a breach of any other Company Non-Fundamental Reps, exceed twenty-five percent (25%) of the Purchase Price, and (v) in no event shall the aggregate indemnification, compensation and reimbursement obligations to be paid by the Company for Losses under Section 6.2 exceed the Purchase Price.

(b) (i) Buyer shall not have any indemnification, compensation or reimbursement obligations for Losses under Section 6.3 arising as a result of (A) a breach of the Buyer Non-Fundamental Reps or (B) a breach of or failure to perform any of Buyer's covenants or agreements contained in this Agreement, with respect to any individual claim (or series of related claims) unless such claims (or series of claims) involves Losses in excess of \$250,000 (nor shall such item be applied to or considered for purposes of calculating the Basket); (ii) Buyer shall not have any indemnification, compensation and reimbursement obligations for Losses under Section 6.3(a) arising as a result of a breach of the Buyer Non-Fundamental Reps unless and until the aggregate amount of all such Losses, finally determined, exceeds the Basket; provided, however, that from and after such time as the total amount of such Losses exceeds the Basket, then Buyer shall be liable only for the portion that exceeds the Basket, (iii) in no event shall the aggregate indemnification, compensation and reimbursement to be paid by Buyer for all Losses under Section 6.3(a) arising as a result of a breach of the Buyer Non-Fundamental Reps exceed the Closing Cap, and (iv) in no event shall the aggregate indemnification, compensation or reimbursement to be paid by Buyer for Losses under Section 6.3 exceed the Purchase Price.

Section 6.6 Adjustments to Losses; Limitations on Remedies; Calculation of Losses.

(a) If any Indemnifying Party is liable to pay an amount in discharge of any claim under this Agreement and any Indemnified Party or its Affiliates recovers from a third party (including any insurer but excluding any "self-insurance" maintained by the Indemnified Party or its Affiliates) a sum which indemnifies, compensates or reimburses the Indemnified Party or its Affiliates (in whole or in part) in respect of the Loss which is the subject matter of the claim, the Indemnified Party shall reduce or satisfy, as the case may be, such claim to the extent of such recovery less any reasonable out-of-pocket costs and expenses incurred in connection with receiving such recovery and any related increases in insurance premiums; provided, however, that in no event shall any Indemnified Party have any obligation to seek or enforce any recovery from such third party.

(b) To the extent a Loss for which indemnification is provided results in a reduction of Taxes payable by, or a Tax refund to, the Indemnified Party or its Affiliates (determined on a "with and without" basis) in the Taxable Period in which such Loss was accrued for Tax purposes or the following two (2) Taxable Periods (a "Tax Benefit"), then the amount of the indemnity payment made pursuant to this Article VI in respect of such Loss shall be reduced by the amount of such Tax Benefit. In the event such Tax Benefit is ultimately disallowed pursuant to a "determination," as defined in Section 1313 of the Code, the Indemnifying Party shall pay, no later than fifteen (15) days following the date of such determination, to the Indemnified Party the amount by which such indemnity payment was reduced as a result of the Tax Benefit. If any such Tax Benefit is not actually realized prior to the time the related indemnification payment is made, the Indemnified Party thereafter shall make payments in accordance with this Article VI to the Indemnifying Party to reflect such Tax Benefit.

(c) No Indemnified Party shall be entitled to recover from any Indemnifying Party (i) under this Article VI more than once in respect of the same Loss (notwithstanding that

such Loss may result from breaches of multiple provisions of this Agreement), or (ii) to the extent such Indemnified Party has already recovered for such Loss under any other Transaction Agreement.

(d) Notwithstanding anything to the contrary contained in this Agreement, in no event shall an Indemnifying Party have any liability under this Agreement to an Indemnified Party (i) for any Losses that were not reasonably foreseeable, and (ii) for any punitive or exemplary damages, unless in each case of (i) and (ii), awarded by an arbitrator or Governmental Authority to a third party and paid to such third party by an Indemnified Party, (iii) for lost opportunities and (iv) for diminution or reduction in value premised upon application of a multiplier of any financial measure or of any similar item (including the application of a multiplier to loss of revenue, income or profits, loss of business reputation, goodwill or opportunity).

(e) Any Indemnified Party's right to indemnification, compensation or reimbursement under this Article VI based on any breach of or inaccuracy in any representation or warranty of an Indemnifying Party under this Agreement or any breach of or failure to perform any covenant or agreement of an Indemnifying Party under this Agreement shall not be diminished or otherwise affected in any way as a result of the existence of such Indemnified Party's knowledge of such breach, inaccuracy or nonperformance as of the date of this Agreement, regardless of whether such knowledge exists as a result of the Indemnified Party's investigation or as a result of disclosure by such Indemnifying Party (other than in the Disclosure Letter or in the GM SEC Filings).

(f) (i) In the event that payment is to be made by the Company to any Buyer Indemnified Person pursuant to Section 6.2 in respect of any Losses, the Company shall pay any such obligations owed to a Buyer Indemnified Person in an amount equal to (x) such Losses subject to indemnification pursuant to Section 6.2 *divided by* (y) the Non-Buyer Equity Percentage at the time of such Loss, and (ii) in the event that payment is to be made by the Buyer to the Company pursuant to Section 6.3 in respect of any Losses, the Buyer shall pay any such obligations owed to the Company in an amount equal to (x) such Losses subject to indemnification pursuant to Section 6.3 *divided by* (y) the Non-Buyer Equity Percentage at the time of such Loss.

Section 6.7 Payments. The Indemnifying Party shall pay to the Indemnified Party the amount of any Losses for which the Indemnifying Party is liable hereunder, in immediately available funds, to an account specified by the Indemnified Party no later than fifteen (15) days following any Final Determination of such Losses and the Indemnifying Party's liability therefor. A "Final Determination" shall exist when (a) the parties to the dispute have reached an agreement in writing, (b) a court of competent jurisdiction shall have entered a final and non-appealable Order or judgment with respect to the subject matter of the claim or (c) an arbitration or like panel shall have rendered a final non-appealable determination with respect to disputes the Parties have agreed to submit thereto.

Section 6.8 Mitigation. The Parties shall (and shall cause their respective Affiliates to) cooperate with each other with respect to resolving any claim or liability with respect to which one party is obligated to indemnify the other party under this Article VI, including by making commercially reasonable efforts to mitigate to the extent required by Law after becoming aware of any such claim.

Section 6.9 Exclusive Remedy. Other than for claims of intentional fraud based on a false representation in Article III or Article IV, the remedies set forth in this Article VI shall be the sole and exclusive remedies of the Parties for any breach or alleged breach of any representation or warranty or any covenant or agreement in this Agreement. The Parties acknowledge and agree that, except as otherwise expressly provided in this Agreement, the remedies available in this Article VI supersede any other remedies available at law or in equity including rights of rescission and claims arising under applicable Law, and each Party hereby waives and releases, to the fullest extent permitted by applicable Law, any and all other rights, remedies, claims and causes of action, whether in contract, tort or otherwise, known or unknown, foreseen or unforeseen, which exist or may arise in the future, arising under or based upon any federal, state or local Law, that any Party may have against another Party in respect of any breach of this Agreement. Notwithstanding the foregoing, this Section 6.9 shall not operate to (i) limit the rights of the Parties with respect to claims of intentional fraud based on a false representation in Article III or Article IV, (ii) limit the rights of the Parties to seek equitable remedies (including specific performance or injunctive relief) in accordance with Section 7.11 to require a Party to perform its obligations under this Agreement, or (iii) limit any Party's rights or obligations pursuant to any other Transaction Agreement in accordance with the terms thereof. No past, present or future Representative of any Party (collectively, the "Non-Party Affiliates") shall have any liability (whether in Law (including in contract or in tort), in equity or otherwise) related to this Agreement or for any claim or Legal Proceeding based on, in respect of or by reason of the Transactions except to the extent agreed to in writing by such Non-Party Affiliate (including pursuant to the terms and conditions of any Transaction Agreement).

Section 6.10 Treatment of Indemnity Payments. The Parties shall treat each payment made under this Article VI as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by applicable Law.

## **ARTICLE VII GENERAL PROVISIONS**

### Section 7.1 Confidentiality.

(a) The Parties shall keep the facts of the execution of this Agreement and its contents and all information disclosed by the other Party (the "Disclosing Party") in the course of the performance of this Agreement, whether written, oral, by e-mail or electromagnetic means, or otherwise, and the materials and other information prepared thereon ("Confidential Information") in strict confidence, and use them only for the purpose of the performance of this Agreement, and may not disclose to any third party without the prior written approval of the Disclosing Party. However, the foregoing sentence shall not apply if the information falls under the following:

- (i) Any information already in the public domain as of the time of disclosure by the Disclosing Party;

(ii) Any information disclosed by the Disclosing Party which subsequently enters the public domain other than as a result of any disclosure or other action or inaction by the receiving party in breach of this Agreement;

(iii) Any information which was already held by the receiving Party as of the time of disclosure from the Disclosing Party;

(iv) Any information which is or becomes available to the receiving Party on a non-confidential basis from a source (other than the Disclosing Party) that, to the knowledge of the receiving Party, is not prohibited from disclosing such Confidential Information to the receiving Party; and

(v) Any information independently developed and recognized by the receiving Party without the use of the Confidential Information disclosed by the Disclosing Party.

(b) Notwithstanding the provisions of Section 7.1(a), the Parties may disclose Confidential Information to the extent necessary to meet the requirement for disclosure by Law, court order or other lawful government action or the rules of securities exchanges or securities dealers associations or other public institutions or any institutions analogous thereto. However, in such event, the Party which intends to disclose the Confidential Information shall (to the extent legally possible and practicable) notify the Disclosing Party in writing in advance (or, in the event of emergency or legal restriction, promptly after the disclosure) of the contents of the Confidential Information to be disclosed and consult with the Disclosing Party regarding the necessity and form of the disclosure.

Section 7.2 Expenses. Except as expressly provided elsewhere in this Agreement or in any other Transaction Agreement, each Party shall bear its own Transaction Expenses.

Section 7.3 Notices. All notices requests, demands, waivers and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) when sent by facsimile or email (with written confirmation of transmission, excluding, however, any answer or confirmation automatically generated by electronic means (such as out-of-office replies)) or (c) one (1) Business Day following the day sent by overnight registered courier, in each case at the following addresses, email addresses and facsimile numbers (or to such other address, email address or facsimile number as a Party may have specified by notice given to the other Party pursuant to this provision).

(a) If to Buyer:

Honda Motor Co., Ltd.  
2-1-1 Minami-Aoyama, Minato-ku  
Tokyo 107-8556, Japan  
Attention: Masahiko Nakamura  
Email: masahiko\_nakamura@hm.honda.co.jp

with a copy (which shall not constitute notice) to:

Nishimura & Asahi  
Otemon Tower, 1-1-2 Otemachi, Chiyoda-ku  
Tokyo 100-8124, Japan  
Attention: Yuki Oi  
Fax: +81-3-6250-7200

Email: [y\\_oi@plus.jurists.co.jp](mailto:y_oi@plus.jurists.co.jp)

(b) If to the Company:

GM Cruise Holdings LLC  
1201 Bryant Street  
San Francisco, CA 94103  
Attention: Geoffrey Richardson and Matthew Gipple  
Email: [Geoff.richardson@getcruise.com](mailto:Geoff.richardson@getcruise.com) and  
[mgipple@getcruise.com](mailto:mgipple@getcruise.com)

with copies (which shall not constitute notice) to:

General Motors Holdings LLC  
300 GM Renaissance Center  
Mail Code: 482-C22-A68  
Detroit, Michigan, 48265  
Attention: Deputy General Counsel, Commercial, TaaS, Regulation &  
Litigation  
Email: [ann.cathcartchaplin@gm.com](mailto:ann.cathcartchaplin@gm.com)

and

Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, New York 10022  
Attention: Peter Martelli and Jonathan L. Davis  
Fax: (212) 446-4900  
Email: [peter.martelli@kirkland.com](mailto:peter.martelli@kirkland.com) and  
[jonathan.davis@kirkland.com](mailto:jonathan.davis@kirkland.com)

Section 7.4 Interpretation. When a reference is made in this Agreement to “Sections,” “Exhibits” or “Disclosure Letter” such reference shall be to a section of, an exhibit of, or the Disclosure Letter to, this Agreement unless otherwise indicated. References to this Agreement shall include the Disclosure Letter. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words “hereof”, “herein” and “hereunder” and words of like import used in this

Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The terms defined in the singular have a comparable meaning when used in the plural, and vice versa, and references herein to any gender includes each other gender. The word “extent” in the phrase “to the extent” means the degree to which a subject or other thing extends and such phrase shall not mean simply “if”. Any references to dollar amounts shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement. The terms “\$” and “dollars” means United States Dollars. All references to “day” shall be deemed to mean “calendar day”. No rule of construction against the draftspersons shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel.

Section 7.5 Entire Agreement; Amendments and Waivers. This Agreement (including the Exhibits hereto), the Disclosure Letter and the Transaction Agreements represent the entire understanding and agreement between the Parties with respect to the subject matter hereof and supersedes all other prior agreements, undertakings, representations and warranties, both written and oral, among the Parties with respect to the subject matter hereof. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the Party against whom enforcement of any such amendment, supplement, modification or waiver is sought. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Section 7.6 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

Section 7.7 Submission to Jurisdiction; Consent to Service of Process.

(a) The Parties hereby irrevocably submit to the personal jurisdiction of the Delaware Court of Chancery, and appellate courts having jurisdiction of appeals from such court, or, if such court is not available, in any state or federal court located in the State of Delaware. The Parties hereby consent to and grant any such court exclusive jurisdiction over the person of such Parties and, to the extent permitted by law, the exclusive jurisdiction over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 7.3 or in such other manner as may be permitted by Law shall be valid and sufficient service thereof.



(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.7.

Section 7.8 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application of such provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application of such provision, in any other jurisdiction.

Section 7.9 Assignment. No assignment of this Agreement or of any rights or obligations hereunder may be made by any Party, directly or indirectly (by operation of Law or otherwise), without the prior written consent of the other Party hereto and any attempted assignment without the required consents shall be null, void and of no effect.

Section 7.10 Binding Effect; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person not a Party to this Agreement except as contemplated by Section 6.2 or Section 6.3.

Section 7.11 Specific Performance. Each Party acknowledges and agrees that any breach of this Agreement would give rise to irreparable harm for which monetary damages would not be an adequate remedy. Each Party accordingly agrees that, in addition to any other remedies available under applicable Law or this Agreement, each Party shall be entitled to enforce the terms of this Agreement by decree of specific performance without the necessity of posting a bond or proving the inadequacy of monetary damages as a remedy and to obtain injunctive relief against any breach or threatened breach of this Agreement. The Parties agree not to assert that a remedy of specific

enforcement is unenforceable, invalid, contrary to law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy.

Section 7.12 Counterparts. This Agreement may be executed in one or more counterparts, including facsimile or pdf counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

Section 7.13 Additional Definitions.

In addition to any other definitions contained in this Agreement, the following words, terms and phrases shall have the following meanings when used in this Agreement.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such Person; and the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise. For the avoidance of doubt, no member of the Company Group shall be deemed an Affiliate of Buyer or any of its Affiliates.

“Applicable ABAC Laws” means all laws and regulations applying to the Company Group or an Associated Person of the Company Group, prohibiting bribery or some other form of corruption, including fraud, tax evasion, insider dealing and market manipulation.

“Applicable AML Laws” means all laws and regulations applying to the Company Group or an Associated Person of the Company Group, prohibiting money laundering, including attempting to conceal or disguise the identity of illegally obtained proceeds.

“Applicable Trade Laws” means all Sanctions, import and export laws and regulations, including but not limited to economic and financial sanctions, export controls, anti-boycott and customs laws and regulations applicable to the Company Group or an Associated Person of the Company Group.

“Associated Person” means, in relation to any Person, another Person (including a director, officer, employee, consultant, agent or other representative) who or that has acted or performed services for or on behalf of such original Person but only with respect to actions or the performance of services for or on behalf of such original Person rather than with respect to actions or the performance of services unrelated to such original Person. For the avoidance of doubt, SoftBank (and its Affiliates and SoftBank Group Corp and its Affiliates) shall not be considered an Associated Person of any member of the Company Group.

“Blocked Person” means any of the following: (a) a Person included in a restricted or prohibited list pursuant to one or more of the Applicable Trade Laws, including any Sanctioned Person; (b) an entity in which one or more Sanctioned Persons has in the aggregate, whether directly or indirectly, a fifty percent (50%) or greater equity interest; or (c) an entity that is controlled by a Sanctioned Person such that the entity, itself, would be considered a Sanctioned Person.

“Business Day” means any day of the year on which national banking institutions in Detroit, Michigan and Tokyo, Japan are open to the public for conducting business and are not required or authorized to close.

“CFIUS” means the Committee on Foreign Investment in the United States.

“CFIUS Approval” means any of the following: (a) CFIUS shall have concluded that the Transactions do not constitute a “covered transaction” and are not subject to review under Section 721 of the U.S. Defense Production Act of 1950; (b) CFIUS shall have issued a written notification that it has concluded its review (and, if applicable, any investigation) of the notice filed with it in connection with the Transactions and determined that there are no unresolved national security concerns with respect to such transactions; or (c) if CFIUS has sent a report to the President of the United States requesting the President’s decision with respect to the Transactions either (i) the period under Section 721 of the Defense Production Act of 1950 during which the President may announce his decision to take action to suspend or prohibit the Transactions shall have expired without any such action being announced or taken, or (ii) the President shall have announced a decision not to take any action to suspend or prohibit the Transactions.

“Class A-1-A Preferred Shares” means the class A-1-A preferred shares of the Company.

“Class A-2 Preferred Shares” means the class A-2 preferred shares of the Company.

“Class B Common Shares” means the class B common shares of the Company.

“Class C Common Shares” means the class C common shares of the Company.

“Class E Common Shares” means the class E common shares of the Company.

“Code” means the Internal Revenue Code of 1986, as amended (or any corresponding provision or provisions of succeeding Law).

“Company Group” means, collectively, the Company and the Company Subsidiaries.

“Company Group Intellectual Property” means Intellectual Property owned or purported to be owned by the Company Group members.

“Company Group Software” means any Software owned or purported to be owned by the Company Group.

“Company IT Systems” means Software, computer systems, servers, hardware, network equipment, databases, websites, and other information technology systems that are used by or on behalf of the Company Group to operate the business of the Company Group as currently conducted (including processing, storing and maintaining data), whether owned, leased or licensed by the Company Group, but excluding any of the foregoing included or intended to be included in the Company Group’s products, or licensed or otherwise made available to the Company Group’s customers or end users.

“Contract” means any contract, license, lease, sublease, loan or credit agreement, indenture, note, debenture, bond, mortgage or deed of trust or other agreement or other legally binding instrument.

“Covered Transaction” has the meaning as set forth in the Exon-Florio Amendment to the Defense Production Act of 1950, 50 U.S.C. § 4565, as amended, and all rules and regulations thereunder, including those codified at 31 C.F.R. Part 800.

“EIP” means the equity based employee incentive program established in accordance with the Existing LLC Agreement.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended (or any corresponding provision or provisions of succeeding Law).

“GAAP” means generally accepted accounting principles in the United States, consistently applied by GM PubCo and as of the date of this Agreement.

“Governmental Authority” means any government or governmental, administrative or regulatory body thereof, whether federal, state, local or foreign, or any agency or instrumentality thereof and any court, tribunal or judicial or arbitral body thereof.

“Initial Investment Agreements” means those certain agreements listed on Section 7.13(c) of the Disclosure Letter.

“Intellectual Property” means rights in and to any of the following in any jurisdiction throughout the world: (a) all patents and applications therefor, including continuations, divisionals, continuations-in-part or reissues of patent applications, and patents issuing thereon; (b) all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, internet domain names, and corporate names, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof; (c) copyrights and registrations and applications therefor and any renewals or extensions thereof; (d) non-public, proprietary information, trade secrets, or know-how,

and rights in any jurisdiction to limit the use or disclosure thereof by any Person (“Trade Secrets”); and (e) any intellectual property rights arising from or related to Technology.

“IPMA” means that certain Intellectual Property Matters Agreement, dated as of June 28, 2018, by and between Parent and the Company.

“IRS” means the U.S. Internal Revenue Service.

“Joinder Agreement” means the Joinder Agreement, the form of which is attached as Exhibit I to the Existing LLC Agreement.

“Knowledge of Buyer” means the actual knowledge of such persons listed in 7.13(a) of the Disclosure Letter, in each case after reasonable inquiry or investigation.

“Knowledge of the Company” means the actual knowledge of such persons listed in 7.13(b) of the Disclosure Letter, in each case after reasonable inquiry or investigation; provided, however, that Knowledge of the Company excludes any analysis or searches regarding non-infringement, invalidity or enforceability of Intellectual Property (including freedom to operate and clearance searches).

“Law” means any and all statutes, laws, ordinances, rules, regulations, Orders, decrees, case law and other rules of law enacted, promulgated or issued by any Governmental Authority.

“Liability” means any debt, liability or obligation (whether direct or indirect, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due).

“Lien” means any lien, encumbrance, pledge, mortgage, deed of trust, security interest, claim, charge, option, right of first refusal, easement, servitude, transfer restrictions, encroachment, reservation, or other similar restriction.

“Losses” means any and all deficiencies, judgments, settlements, losses, damages, interest, fines, penalties, Taxes, costs and expenses (including reasonable legal, accounting and other fees and expenses of professionals incurred in connection with investigating, defending, settling or satisfying any and all demands, claims, actions, causes of action, suits, proceedings, assessments, judgments or appeals, and in seeking indemnification, compensation or reimbursement therefor).

“Marketing and Network Access Fee Agreement” means that certain Marketing and Network Access Fee Agreement, dated as of the date of this Agreement, by and between the Company and Buyer.

“Material Adverse Effect” means any change, effect, event, occurrence or development (each, an “Effect”) that has had, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, assets, liabilities, properties or results of operations of the Company Group, taken as a whole; provided,

however, that no Effect (by itself or when aggregated with any other Effect) resulting from, arising out of or relating to, any of the following shall be deemed to constitute a Material Adverse Effect or be taken into account when determining whether a “Material Adverse Effect” has occurred or may, would or could occur: (i) to the extent that such conditions or changes do not disproportionately affect the Company Group relative to other participants in the industries and geographic locations in which the Company Group participates, (A) any Effect resulting from or arising out of general economic or political conditions or changes in such conditions (including acts of terrorism or war), (B) any Effect affecting the industries in which the Company Group operates, and (C) any Effect arising in connection with earthquakes or other natural disasters, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions and (ii) any failure, in and of itself, to meet internal projections or forecasts or revenue or earnings predictions for the business of the Company Group for any period (but not the underlying reasons for or factors contributing to such failure, unless otherwise contemplated by the exceptions in clause (i) of this definition).

“Non-Buyer Equity Percentage” means the as-converted fully diluted ownership percentage of all members of the Company other than the Buyer. For clarity, “as converted,” as used in this Agreement, shall mean as if all Junior Interests (as defined in the Second A&R LLC Agreement) are converted (on a Fully Diluted Basis as defined in the Second A&R LLC Agreement) to Class D Common Shares as defined in the Second A&R LLC Agreement) on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and all Class A-1 Preferred Shares as defined in the Second A&R LLC Agreement) are converted to Class D Common Shares pursuant to Section 2.09(b) of the Second A&R LLC Agreement.

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Open Source” means any Software that is, or that contains or is derived in any manner (in whole or in part) from any Software that is, distributed as free software, open source software, copyleft software, “freeware” or “shareware” or under similar licensing or distribution models, including, without limitation, any Software licensed under the GNU General Public License, the GNU Library General Public License, the GNU Lesser General Public License, the Affero General Public License, the Mozilla Public License, the Common Development and Distribution License, the Eclipse Public License or any Creative Commons “sharealike” license.

“Organizational Documents” means, with respect to an entity, the articles of incorporation, certificate of incorporation, memorandum and articles of association, by-laws, articles of organization, operating agreement, certificate of formation or similar governing documents of such entity.

“Parent Intellectual Property” Intellectual Property owned or purported to be owned by Parent or its Subsidiaries (other than the Company Group) that was either (a) developed by the Company Group (or its employees) and used primarily by the Company Group in the conduct of the business of the Company Group as currently conducted or (b) otherwise developed for the benefit of and used exclusively by the Company Group in the conduct of the business of the Company Group as currently conducted.

“Parent Software” means any Software owned or purported to be owned by the Parent or its Subsidiaries (other than the Company Group) that was either (a) developed by the Company Group (or its employees) and used primarily by the Company Group in the conduct of the business of the Company Group as currently conducted or (b) otherwise developed for the benefit of and used exclusively by the Company Group in the conduct of the business of the Company Group as currently conducted.

“Parties” means each of the parties to this Agreement.

“Permitted Liens” means the following Liens: (a) Liens for Taxes not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings and for which adequate accruals or reserves have been established in accordance with GAAP (or otherwise in accordance with applicable accounting standards); (b) statutory Liens of landlords, lessors or renters for amounts not yet due or payable or that are being contested in good faith, (c) Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by Law, in each case, arising or incurred in the ordinary course of business; (d) customary covenants and conditions, defects of title, easements, encroachments, rights-of-way, restrictions and other similar non-monetary charges or encumbrances of record not interfering with the ordinary conduct of the business of the Company Group consistent with past practice which do not and would not be reasonably expected to impair the use, operation or occupancy of the assets of the Company Group and do not secure indebtedness; (e) Liens that will be released prior to or as of the Closing; (f) non-exclusive licenses of or grants of rights to Intellectual Property entered into in the ordinary course of business (including with respect to manufacturing, customer, supply, distribution, retail and marketing agreements); and (g) Liens that do not materially impair the current use of, or the ability to exercise rights of ownership over, the property subject thereto.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Personal Information” means, in addition to any definition for any similar term (e.g., “personally identifiable information” or “PII”) provided by applicable Law, or by the Company Group in any of its privacy policies, notices or contracts, all information that identifies, could be used to identify or is otherwise associated with an individual person or device, whether or not such information is associated with an identifiable individual, including (a) name, physical address, telephone number, email address, financial information, financial account number or government-issued identifier, (b) any data

regarding an individual's activities online or on a mobile device or application, and (c) Internet Protocol addresses, device identifiers or other persistent identifiers. Personal Information may relate to any individual, including a current, prospective, or former customer, end user or employee of any Person, and includes information in any form or media, whether paper, electronic, or otherwise.

“Privacy Laws” means any and all applicable Laws relating to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security (both technical and physical), disposal, destruction, disclosure or transfer (including cross-border) of Personal Information, including the Federal Trade Commission Act, state laws concerning privacy policies, including the California Online Privacy Protection Act (CalOPPA) and the Delaware Online Privacy and Protection Act (DOPPA), laws governing biometric data including the Illinois Biometric Information Privacy Act (BIPA), EU-U.S. Privacy Shield, Swiss-U.S. Privacy Shield, European Union General Data Protection Regulation, and any and all applicable Laws relating to breach notification in connection with Personal Information.

“Representatives” means the directors, officers, employees, agents and advisors (including legal, financial, accounting and marketing advisors) of a Person.

“Sanctioned Person” means (a) (i) any Persons identified in the List of Specially Designated Nationals and Blocked Persons, the Foreign Sanctions Evaders List, the E.O. 13599 List, or the Sectoral Sanctions Identifications List, in each case administered by OFAC, and any other sanctions or similar lists administered by any agency of the U.S. Government, including the U.S. Department of State and the U.S. Department of Commerce and (ii) any Persons owned or controlled, directly or indirectly, by such Person or Persons; (b) any Persons identified on any sanctions lists of the European Union, the United Kingdom or any other jurisdiction; (c) Persons identified on any list of sanctioned parties identified in a resolution of the United Nations Security Council; and (d) any Persons located, organized or a resident in a Sanctioned Territory.

“Shared Autonomous Vehicle Development Agreement” means that certain Shared Autonomous Vehicle Development Agreement, dated as of the date of this Agreement, by and among the Company, Parent, GTO, Buyer and Honda R&D Co.

“Sanctioned Territory” means, at any time, a country or geographic region which is itself the subject or target of any comprehensive Sanctions within the past five years, which includes: Crimea, Cuba, Iran, North Korea, Sudan, and Syria.

“Sanctions” means (a) the economic sanctions and trade embargo Laws, rules, regulations, and executive orders of the United States, including, but not limited to, those administered or enforced from time to time by OFAC or the U.S. Department of State, the International Emergency Economic Powers Act (50 U.S.C. §§1701 et seq.), and the Trading with the Enemy Act (50 App. U.S.C. §§1 et seq.); and (b) any other similar and applicable economic sanctions and trade embargo Laws, rules, or regulations of any foreign



Governmental Authority, including but not limited to, the European Union, the United Kingdom, and the United Nations Security Council.

“Software” means any and all (a) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code, object code or other form; (b) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing; (c) data, databases and compilations of data, whether machine readable or otherwise; and (d) documentation and other materials related to any of the foregoing, including user manuals and training materials.

“Subsidiary” means, with respect to any Person (a) a corporation a majority of whose capital stock with the general voting power under ordinary circumstances to vote in the election of directors of such corporation (irrespective of whether or not, at the time, any other class or classes of securities shall have, or might have, voting power by reason of the happening of any contingency) is, at the date of determination thereof, beneficially owned by such Person, by one or more Subsidiaries or such Person or by such Person and one or more Subsidiaries thereof, or (b) any other Person (other than a corporation), including a general or limited partnership or a limited liability company, in which such Person, one or more Subsidiaries thereof or such person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, beneficially owns at least a majority of the ownership interests entitled to vote in the election of directors, managers or trustees thereof (or other Persons performing such functions) or act as the general partner or managing member of such other Person.

“Tax Return” means all returns, declarations, reports, estimates, information returns, statements and other documents filed or required to be filed in respect of Taxes (including any elections, declarations, schedules or attachments thereto, and any amendment thereof) including any claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities.

“Taxable Period” means any taxable year or any other period that is treated as a taxable year (or other period, or portion thereof, in the case of a Tax imposed with respect to such other period) with respect to which any Tax may be imposed under any applicable Law.

“Taxes” means (a) all federal, state, county, local, non-U.S. or other income, gross receipts, ad valorem, margin, franchise, single business, production, profits, sales or use, transfer, registration, capital gains, excise, recapture, utility, environmental, communications, real or personal property, capital unit, license, payroll, wage or other withholding, employment, social security (or similar), severance, documentary, stamp, occupation, premium, windfall profits, net proceeds, gain, customs duties, unemployment, disability, value added, alternative or add on minimum, estimated or any other taxes, governmental charges, duties, levies, fees or similar assessments in the nature of a tax and imposed by any Governmental Authority, whether disputed or not, and (b) any fines,

penalties, interest, additional tax or additions to tax with respect thereto, imposed, assessed or collected under the authority of any Governmental Authority.

“Technology” means all Software, information, designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, tools, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), and other similar items.

“Transaction Agreements” means (a) this Agreement, (b) the Second A&R LLC Agreement, (c) the Shared Autonomous Vehicle Development Agreement, (d) the ZEV Credit Agreement, (e) the Marketing and Network Access Fee Agreement and (f) the Tripartite Side Letter.

“Transaction Expenses” means all fees and expenses (including legal, accounting, financial advisory and other professional fees and expenses) incurred in connection with the preparation, negotiation, execution and delivery of this Agreement, each of the Transaction Agreements and the consummation of purchase and sale of the Buyer Shares.

“Transactions” means the transactions contemplated by this Agreement and each of the Transaction Agreements.

“Tripartite Side Letter” means that certain Tripartite Side Letter, dated as of the date of this Agreement, by and among Parent, the Company and Buyer.

“WARN” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any similar foreign, state or local Laws.

“ZEV Credit Agreement” means that certain ZEV Credit Agreement, dated as of the date of this Agreement, by and between GM LLC and American Honda.

For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

<b><u>Term</u></b>	<b><u>Section</u></b>
2017 Form 10-K	Section 3.15(a)
Affiliate Transaction Agreement	Section 3.14
American Honda	Preamble
Basket	Preamble
Benefit Plan	Section 6.5(a)(i)
Buyer	Section 3.8(c)
Buyer Fundamental Reps	Preamble
Buyer Indemnified Persons	Section 6.1(a)
Buyer Non-Fundamental Reps	Section 6.2(a)
Buyer Shares	Section 6.1(a)
	Section 1.1

Closing	Section 2.1
Closing Cap	Section 6.5(a)(i)
Closing Date	Section 2.1
<b><u>Term</u></b>	<b><u>Section</u></b>
Company	Preamble
Company Equity Interests	Section 3.5(c)
Company Fundamental Reps	Section 6.1(a)
Company Group Registered IP	Section 3.11(a)
Company Non-Fundamental Reps	Section 6.5(a)(i)
Company Properties	Section 3.17
Company Subsidiaries	Section 3.5(d)
Cruise	Section 3.5(d)
Disclosure Letter	Article III Preamble
Dispute Period	Section 6.4
EIP Stock	Section 3.5(b)
Existing LLC Agreement	Recitals
Final Determination	Section 6.7
Financial Statements	Section 3.15(a)
GM PubCo	Article III Preamble
GM SEC Filings	Article III Preamble
Honda	Preamble
Honda R&D Co	Preamble
Inbound Intellectual Property License	Section 3.9(a)(vii)
Indemnification Claim	Section 6.4
Indemnified Party	Section 6.4
Indemnifying Party	Section 6.4
Issuance	Section 1.1
Legal Proceeding	Section 3.6
Material Contract	Section 3.9(a)
Non-Party Affiliates	Section 6.9
Options	Section 3.5(b)
Order	Section 3.3
Parent	Preamble
Permits	Section 3.3
Purchase Price	Section 1.1
Q1 2018 10-Q	Section 3.15(a)
Real Property Lease	Section 3.7
Second A&R LLC Agreement	Recitals
Securities Act	Section 3.5(b)
Settlement	Section 6.4
SoftBank	Recitals
SoftBank Transaction	Recitals
Strobe	Section 3.5(d)
Survival Period	Section 6.1(b)
Tax Benefit	Section 6.6(b)
Third Party Claim	Section 6.4



Trade Secrets  
Transfer Taxes

Section 7.13  
Section 5.4

*[Signatures on Next Page]*

IN WITNESS WHEREOF, the Parties have caused this Purchase Agreement to be executed by their respective duly authorized officers, as of the date first written above.

**HONDA MOTOR CO., LTD.**

By: /s/ Seiji Kuraishi

Name: Seiji Kuraishi

Title: Executive Vice President and Representative

Director

IN WITNESS WHEREOF, the Parties have caused this Purchase Agreement to be executed by their respective duly authorized officers, as of the date first written above.

**GM CRUISE HOLDINGS LLC**

By: /s/ Geoffrey Richardson

Name: Geoffrey Richardson

Title: Chief Financial Officer

**GM CRUISE HOLDINGS LLC**  
**2018 EMPLOYEE INCENTIVE PLAN**  
**AMENDED AND APPROVED BY THE CRUISE BOARD**  
**EFFECTIVE SEPTEMBER 12, 2018**

1. INTRODUCTION.

The purpose of this 2018 Employee Incentive Plan, as it may be amended from time to time (the “*Plan*”), is to promote the long-term success of GM Cruise Holdings LLC, a Delaware limited liability company (the “*Company*”), by offering present and future employees and other individual service providers of the Company or its Subsidiaries an opportunity to acquire an ownership interest in the Company, thereby encouraging such persons to contribute to and participate in the success of the Company. The Plan shall become effective as of the date (the “*Effective Date*”) of its adoption by the Company’s Board or such other date as may be determined by the Board.

Under the Plan, the Company may make Awards to such present and future employees and other individual service providers of the Company or its Subsidiaries as may be selected in the sole discretion of the Committee.

Capitalized terms shall have the meanings provided in Section 2, unless otherwise provided in this Plan or any related Award Agreement.

2. DEFINITIONS.

(a) “*Affiliate*” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through voting securities, by contract or otherwise. Notwithstanding the foregoing or anything in this Agreement or the LLC Agreement to the contrary, (i) none of the Members shall be deemed to be an “Affiliate” of any other Member solely by virtue of owning membership interests in the Company, (ii) none of the Members shall be deemed to be an “Affiliate” of the Company and (iii) neither the Company nor any of its Subsidiaries shall be deemed to be an “Affiliate” of any of the Members or any of their Affiliates.

(b) “*Award*” means any award under the Plan of any Option, SAR, Restricted Stock, RSU, Performance Award or Other Stock-Based Award. All Awards shall be granted pursuant to an Award Agreement.

(c) “*Award Agreement*” means any appropriately authorized agreement, contract or other instrument or document evidencing any Award granted under the Plan, which must be duly executed or acknowledged by a Participant.



- (d) **“Board”** means the Board of Directors of the Company, as constituted from time to time.
- (e) **“Cause”** means, with respect to any Participant, (i) to the extent specifically defined in a separate written employment agreement between the Participant and the Company, “Cause” shall have the meaning set forth in such employment agreement, or (ii) if no such agreement exists (or in the absence of a definition of “Cause” contained therein), any of the following unless varied in such Participant’s applicable Award Agreement:
- (i) the Participant’s commission of, or plea of guilty or no contest to, a felony or comparable local charge in non-U.S. jurisdictions;
  - (ii) the Participant’s gross negligence or willful misconduct that is materially injurious to the Company or any of its Subsidiaries;
  - (iii) the Participant’s material violation of state or federal securities laws or comparable local charges in non-U.S. jurisdictions; or
  - (iv) the Participant’s gross insubordination.
- (f) **“Change in Control”** means any transaction or series of related transactions with an Independent Third Party or group of Independent Third Parties acting in concert, pursuant to which such Person or Persons acquire (i) more than fifty percent (50%) of the issued and outstanding Equity Securities or (ii) all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis (in either case, whether by merger, consolidation, sale, exchange, issuance, Transfer or redemption of the Company’s Equity Securities, by sale, exchange or Transfer of the Company’s consolidated assets or otherwise); provided, that the consummation of an IPO will not constitute a “Change of Control.”
- (g) **“Code”** means the Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder. Any reference to a provision in the Code shall include any successor provision thereto.
- (h) **“Committee”** means the Board or any committee as may be designated by the Board to perform any functions of the Board with respect to this Plan.
- (i) **“Common Shares”** means the Class B Common Shares of the Company or any units of equity into which Class B Common Shares are converted.
- (j) **“Disability”** means, with respect to any Participant, unless otherwise determined by the Committee in the applicable Award Agreement, a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability. Notwithstanding the foregoing, for Awards that are subject to Section 409A of the Code, Disability shall mean that a Participant is disabled under Section 409A(a)(2)(C)(i) or (ii) of the Code.
- (k) **“Distribution”** shall mean each distribution made by the Company to a Member with

respect to such Member's Shares, whether in cash, property or securities of the Company and whether by dividend, redemption, repurchase or otherwise; provided, that none of the following shall be deemed a Distribution: (i) any redemption or repurchase by the Company of any securities of the Company in connection with the termination of employment or service of an employee or other individual service provider of the Company or any of its Subsidiaries or otherwise pursuant to an Award Agreement and (ii) any recapitalization, exchange or conversion of Shares, and any subdivision (by share split or otherwise) or any combination (by reverse share split or otherwise) of any outstanding Shares.

(l) "**Employee Member**" has the meaning set forth in the LLC Agreement.

(m) "**Equity Securities**" shall mean all forms of equity securities issued by the Company or its successors, all securities convertible into or exchangeable for equity securities issued in the Company or its successors, and all options, warrants, and other rights to purchase or otherwise acquire equity securities, or securities convertible into or exchangeable for equity securities, issuable by the Company or its successors.

(n) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(o) "**Fair Market Value**," with respect to the Common Shares, shall be (i) the closing sales price quoted by the primary securities exchange on which Common Shares are listed for trading (or, if there are no such sales on that date, then on the last preceding date on which such sales were reported), or (ii) if none, the most recent valuation from a third party valuation firm as of a date within twelve (12) months of the applicable determination date that has been approved by the Board, or (iii) if the foregoing is not applicable the amount determined in good faith by the Committee to be the fair market value of the Common Shares in a manner not inconsistent with Treasury Regulation §20.2031-2 or Treasury Regulation § 1.409A-1(b)(5)(iv)(B). Fair Market Value of any other assets shall be their fair market value as determined in good faith by the Committee.

(p) "**Independent Third Party**" means any Person who, immediately before the contemplated transaction, (i) is not a Member, (ii) is not an Affiliate of any Member, (iii) is not the spouse or descendent (by birth or adoption) or the spouse of a descendant of any Member, and (iv) is not a trust for the benefit of any Member and/or such other Persons.

(q) "**Initial Public Offering**" or "**IPO**" means the first public offering of Equity Securities of the Company (or any successor thereto formed for the purpose of pursuing an initial public offering) pursuant to an effective registration statement filed with the United States Securities and Exchange Commission (or any successor form) including, but not limited to, through the use of a special purpose acquisition company or by way of a reverse merger or other corporate transaction; provided that an Initial Public Offering shall not include any issuance of Common Shares in any merger or other business combination and shall not

include any registration of the issuance of securities to existing securityholders or employees of the Company and its Subsidiaries on Form S-4 or Form S-8 (or any successor forms).

(r) “**LLC Agreement**” means that certain Amended and Restated Limited Liability Agreement dated June 28, 2018 by and between the Company, General Motors Holdings LLC and SB Investment Holdings (UK) Limited, as may be amended from time to time.

(s) “**Lock-Up Period**” has the meaning set forth in Section 15.

(t) “**Material Breach**” means a material breach of a noncompetition, nonsolicitation, noninterference, confidentiality, trade secret or any other restrictive covenant applicable to a Participant in connection with the Participant’s employment by, or service to, the Company or one of its Subsidiaries that is not cured (if the Committee determines in its sole discretion that the Participant should have an opportunity to cure such breach) within thirty (30) days of written notice by the Company.

(u) “**Member**” has the meaning set forth in the LLC Agreement.

(v) “**Option**” means an option to purchase Common Shares granted to Participants pursuant to Section 5(c).

(w) “**Other Stock-Based Award**” means an Award under Section 10 hereof that is valued in whole or in part by reference to, or is payable in or otherwise based on, Common Shares.

(x) “**Participant**” means any present and future employees of the Company or its Subsidiaries and any other individual service provider of the Company or its Subsidiaries as approved by the Committee to whom an Award has been granted pursuant to the Plan.

(y) “**Person**” means any individual or entity, including any two or more Persons deemed to be one “person” as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

(z) “**Share**” generally means a share of membership interests in the Company, as defined in the LLC Agreement.

(aa) “**Subsidiary**” means, with respect to any Person, any corporation, partnership, limited liability company, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a partnership, limited liability company, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For the purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person or Persons shall be allocated a majority of partnership, limited liability company, association or other business entity gains or losses or shall be or control or have the right to appoint,

as the case may be, the managing director, manager, board of advisors, a company or other governing body of such partnership, limited liability company, association or other business entity by means of ownership interest, agreement or otherwise.

(bb) “**Tax Liability**” has the meaning set forth in Section 15(g).

(cc) “**Termination Date**” means the earliest date on which a Participant is no longer employed by, or providing services to, as applicable, the Company or its Subsidiaries for any reason. For the avoidance of doubt, a Participant’s Termination Date shall be considered to be the last date of actual employment or service with the Company or its Subsidiaries, whether such day is selected by agreement with Participant or unilaterally by the Company and its Subsidiaries and whether advance notice is or is not given to Participant. No period of notice that is or ought to have been given under applicable law or contract in respect of the termination of employment or service will be taken into account in determining any entitlement under the Plan. Notwithstanding the foregoing, a Participant who goes on a leave of absence approved by the Company or one of its Subsidiaries shall not be deemed to have ceased employment or service with the Company or its Subsidiaries during the period of such approved leave; provided that the time vesting of such Participant’s Awards shall be suspended during the period to the extent that such leave is unpaid, except to the extent required by applicable law. Notwithstanding the foregoing, if a Participant continues to provide services to the Company or a Subsidiary after termination of employment, the Committee may, but shall not be required to, treat the termination of such Participant’s service with the Company and its Subsidiaries as (instead of the termination of employment) the Participant’s “Termination Date”.

(dd) “**Transfer**” shall mean any transfer, sale, assignment, pledge, encumbrance or other disposition, directly or indirectly (including by merger or sale of equity in any direct or indirect holding company (including a corporation) or otherwise), irrespective of whether any of the foregoing are effected voluntarily or involuntarily, by operation of law or otherwise, or whether during a Participant’s lifetime or upon death.

### 3. ADMINISTRATION.

(a) General. The Committee shall administer the Plan.

(b) Authority of the Committee. Subject to the provisions of the Plan, the Committee shall have full authority and sole discretion to take any actions it deems necessary or advisable for the administration of the Plan. Such actions shall include, but are not limited to the following:

- (i) determining who is a Participant;
- (ii) approving the Participants who are granted Awards under the Plan;
- (iii) approving the Awards to be granted under the Plan;
- (iv) determining the number of Common Shares to be covered by each Award

granted hereunder;

- (v) determining the type, number, vesting requirements and other features and conditions of the Awards, which need not be consistent among grants of separate Awards or among different Participants;
- (vi) adopting and using agreements and forms, including Award Agreements, for the administration of the Plan;
- (vii) correcting any defect, supplying any omission, or reconciling any inconsistency in the Plan or any Award Agreement;
- (viii) accelerating the vesting of Awards at any time and under such terms and conditions as it deems appropriate, which need not be consistent among grants of separate Awards or among different Participants;
- (ix) determining whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of Common Shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award;
- (x) approving the treatment of Awards upon a Change in Control or Initial Public Offering, which need not be consistent among grants of separate Awards or among different Participants;
- (xi) interpreting the Plan;
- (xii) making all other decisions relating to the operation of the Plan, which need not be consistent among grants of separate Awards or among different Participants;
- (xiii) imposing restrictions on any Awards at the time of grant in the applicable Award Agreement or taking other Committee action with respect to confidentiality and other restrictive covenants as it deems necessary or appropriate;
- (xiv) imposing “blackout periods” or other periods during which Options may not be exercised or Awards may not be settled;
- (xv) within the limitations of the Plan, modifying or assuming outstanding Awards or accepting the cancellation of outstanding Awards (including stock units granted by another issuer) in return for the grant of new Awards for the same or a different number of shares and with the same or different vesting provisions; provided, however, that, notwithstanding the foregoing or anything to the contrary herein other than pursuant to Section 4(c) and Section 12, no modification of an Award shall, without the consent of the

Participant, materially impair his or her rights or obligations under such Award;

- (xvi) adopting such plans or subplans as may be deemed necessary or appropriate to provide for the participation by Participants who reside outside the U.S., which plans and/or subplans shall be attached hereto as Appendices; and
- (xvii) delegating some or all of the administration of the Plan to Members, one or more employees of the Company or its Subsidiaries or any other committee of the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, reinstate in the Board some or all of the powers previously delegated.

The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons.

#### 4. SHARE LIMITATION.

(a) Shares. The aggregate number of Common Shares that may be issued or used for reference purposes or with respect to which Awards may be granted under the Plan shall not exceed 750,000 shares (subject to any increase or decrease pursuant to Section 4(b) and Section 4(c) hereof) (the "**Share Reserve**"). If any Award expires, is forfeited, terminates or is canceled for any reason without having been exercised or settled in full a ("**Forfeited Award**"), the number of Common Shares underlying the Forfeited Award shall again be available for the purpose of Awards under the Plan. If there are any accrued but unpaid Distributions in respect of a Forfeited Award, the Committee may, but shall not be required to, allocate or award such Distributions on any basis it elects, including pursuant to the grant of a new Award. In addition, any Common Shares exchanged by a Participant or withheld from a Participant as full or partial payment to the Company of the exercise price or tax withholding upon exercise, vesting, settlement or payment of an Award under the Plan shall be added back to the foregoing maximum share limitation and may be made subject to Awards under the Plan pursuant to such limitation.

(b) Changes. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Committee or the Members, in accordance with the LLC Agreement, to make or authorize (i) any adjustment (including any issuance of Shares), recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any of its Affiliates, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Shares, (iv) the dissolution or liquidation of the Company or any of its Affiliates, (v) any sale or transfer of all or part of the assets or business of the Company or any of its Affiliates or (vi) any other corporate act or proceeding relating to the Company any of its Affiliates.

(c) Adjustments to Capital Structure. Subject to the provisions of Section 12:

- (i) If the Company at any time subdivides (by any split, recapitalization or otherwise) the outstanding Common Shares into a greater number of Common Shares, or combines (by reverse split, combination or otherwise) its outstanding Common Shares into a lesser number of Common Shares, then the respective exercise prices for outstanding Awards that provide for a Participant elected exercise and the number of Common Shares covered by outstanding Awards, as well as the Share Reserve, shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.
- (ii) Excepting transactions covered by Section 4(c)(i), if the Company effects any merger, consolidation, statutory exchange, spin-off, reorganization, sale or transfer of all or substantially all the Company's assets or business, or other corporate transaction or event in such a manner that the Company's outstanding Common Shares are converted into the right to receive (or the holders of Common Shares are entitled to receive in exchange therefor), either immediately or upon liquidation of the Company, securities or other property of the Company or other entity, then, subject to the provisions of Section 12, (1) the aggregate number or kind of securities that thereafter may be issued under the Plan, (2) the number or kind of securities or other property (including cash) to be issued pursuant to Awards granted under the Plan (including as a result of the assumption of the Plan and the obligations hereunder by a successor entity, as applicable), or (3) the exercise or purchase price thereof, shall be appropriately adjusted by the Committee to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan.
- (iii) If there shall occur any change in the capital structure of the Company other than those covered by Section 4(c)(i) and 4(c)(ii), including by reason of any extraordinary dividend (whether cash or equity), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of Equity Securities of the Company, then the Committee shall adjust any Award and make such other adjustments to the Plan to prevent dilution or enlargement of the rights granted to, or available for, Participants under the Plan. For the avoidance of doubt, in the case of any "equity restructuring" (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring.
- (iv) Any such adjustment determined by the Committee pursuant to this Section 4(c) shall be final, binding and conclusive on the Company and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Any adjustment to, or assumption or substitution of, an Award under this Section 4(c) shall be intended to comply with the

requirements of Section 409A of the Code and Treasury Regulation §1.424-1 (and any amendments thereto), to the extent applicable. Except as expressly provided in this Section 4 or in the applicable Award Agreement, a Participant shall have no additional rights under the Plan by reason of any transaction or event described in this Section 4.

(d) Minimum Purchase Price. Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued Common Shares are issued under the Plan, such shares shall not be issued for any consideration less than that required by applicable law.

5. GENERAL.

(a) General Eligibility. Unless otherwise determined by the Committee, only Participants shall be eligible to receive Awards under the Plan.

(b) Award Agreement. Each Award granted under the Plan shall be evidenced and governed by an Award Agreement between the Participant and the Company, which may be in electronic or written form, and may vary to accommodate local applicable law. Such Award shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Committee deems appropriate for inclusion in the applicable Award Agreement (including, without limitation, any performance conditions to which such Award will be subject). The provisions of the various Award Agreements entered into under the Plan need not be identical.

(c) Joinder to LLC Agreement. In connection with the grant, vesting, and/or exercise of any Award, to the extent that a Participant is not already a party to the LLC Agreement, the Committee may require such Participant to execute and become a party to such LLC Agreement as a condition of such grant, vesting, and/or exercise of any Award by executing and delivering to the Company a joinder to the LLC Agreement. Without prejudice to Sections 2.03 (Class B Common Shares) and 2.08 (Repurchase Rights) of the LLC Agreement, to the extent that there is any conflict between the terms of the Plan and the LLC Agreement, the Plan shall govern and control.

6. STOCK OPTIONS. The Committee shall have the right and power to grant Options to any Participant, at any time prior to the termination of this Plan, with the following terms and conditions and with such additional terms and conditions, in either case, not inconsistent with the provisions of the Plan, as the Committee shall determine.

(a) The exercise price per Share under an Option shall be determined by the Committee; provided, however, that such exercise price shall not be less than the Fair Market Value of a Share on the date of grant of such Option.

(b) The term of each Option shall be fixed by the Committee but shall not exceed ten (10) years from the date of grant of such Option in the form of a non-qualified stock option.



(c) The Committee shall determine the time or times at which an Option may be exercised in whole or in part, subject to Section 11.

(d) The Committee shall determine the method or methods by which, and the form or forms, including cash, Shares, other Awards, other property, net settlement, broker assisted cashless exercise or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made. To the extent that any Shares held by the Participant are used for payment of the exercise price, such Shares shall not be subject to any pledge or other security interest and, unless determined otherwise by the Committee, shall have been held by the Participant for at least such period as may be required in order to avoid adverse accounting treatment applying generally accepted accounting principles.

(e) Unless otherwise determined by the Committee, no dividends or dividend equivalents will be earned or paid on the Shares underlying any Options granted and outstanding under the Plan.

7. STOCK APPRECIATION RIGHTS (“SARs”). The Committee is authorized to grant SARs to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine.

(a) SARs may be granted under the Plan to Participants either alone (“freestanding”) or in addition to other Awards granted under the Plan (“tandem”) and may, but need not, relate to a specific Option granted under Section 5(c).

(b) The exercise price per Share under a SAR shall be determined by the Committee; provided, however, that such exercise price shall not be less than the Fair Market Value of a Share on the date of grant of such SAR.

(c) The term of each SAR shall be fixed by the Committee but shall not exceed ten (10) years from the date of grant of such SAR.

(d) The Committee shall determine the time or times at which a SAR may be exercised or settled in whole or in part, subject to Section 11.

(e) Unless otherwise determined by the Committee, no dividends or dividend equivalents will be earned or paid on the Common Shares underlying any SARs granted and outstanding under the Plan.

8. RESTRICTED STOCK AND RESTRICTED STOCK UNITS. The Committee is authorized to grant Awards of Common Shares subject to restrictions on transfer (“*Restricted Stock*”) and restricted stock units, the value of which is based on or that may be settled into Common Shares (“*RSUs*”) to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine.

(a) Awards of Restricted Stock and RSUs shall be subject to such restrictions as the Committee may impose (including any limitation on the right to receive any dividend, dividend equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate.

(b) With respect to Awards of Restricted Stock, a Participant generally shall have the rights and privileges of an Employee Member with respect thereto, to the extent, and subject to any limitation, in the LLC Agreement. Without limiting the generality of the foregoing, if the Award relates to Common Shares on which dividends are declared during the period that the Award is outstanding, such dividends or dividend equivalents shall be paid in cash on the vesting date of the Restricted Stock Award, subject to satisfaction of the vesting and other conditions of the underlying Award of Restricted Stock, unless otherwise determined by the Committee. Any Restricted Stock Award may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration. For the avoidance of doubt, unless otherwise determined by the Committee, no dividends or dividend equivalent rights shall be provided with respect to any Award of Restricted Stock that does not vest pursuant to their terms.

(c) With respect to an RSU Award, each RSU covered by such Award shall represent a right to receive the value of one Common Share in cash, Common Shares or a combination thereof. An RSU shall not convey to the Participant the rights and privileges of an Employee Member with respect to the Common Share subject to the RSU, such as the right to vote or the right to receive dividends, unless and until a Common Share is issued to the Participant to settle the RSU. Notwithstanding the foregoing, unless otherwise determined by the Committee in its sole discretion, RSU Awards shall convey the right to receive dividend equivalents on the Common Shares underlying the RSU Award with respect to any dividends declared during the period that the RSU Award is outstanding. Such dividend equivalent rights shall accumulate and shall be paid in cash following the settlement date of the underlying RSU Award, subject to the satisfaction of the vesting and other conditions of the underlying RSU Award, unless otherwise determined by the Committee. Common Shares delivered upon the vesting and settlement of an RSU Award may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration. For the avoidance of doubt, unless otherwise determined by the Committee, no dividend equivalent rights shall be provided with respect to any Common Shares subject to RSUs that do not vest or settle pursuant to their terms.

9. PERFORMANCE AWARDS. The Committee is authorized to grant Awards subject to performance-based vesting conditions (“*Performance Awards*”) with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

(a) Performance Awards may be denominated as a cash amount, number of Common Shares or units or a combination thereof and are Awards which may be earned upon

achievement or satisfaction of performance conditions specified by the Committee. In addition, the Committee may specify that any other Award shall constitute a Performance Award by conditioning the grant or the right to exercise the Award or have it settled, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted and the amount of any payment or transfer to be made pursuant to any Performance Award shall be determined by the Committee.

(b) The Committee may provide that any Performance Award will vest based on one or more of the following performance measures, or any other performance measure determined by the Committee, in each case as expressed on an absolute or adjusted basis with respect to the Company or any Affiliate thereof: asset turnover, cash flow, contribution margin, cost objectives, cost reduction, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA), earnings per share, economic value added, free cash flow, increase in customer base, inventory turnover, liquidity, market share, net income, net income margin, operating cash flow, operating profit, operating profit margin, pre-tax income, productivity, profit margin, quality (internal or external measures), return on assets, return on net assets, return on capital, return on invested capital, return on equity, revenue, revenue growth, equity value, stock price, total shareholder return, and/or warranty experience.

(c) Each performance criterion may be measured on an absolute (e.g., plan or budget) or relative basis. Relative performance may be measured against a group of peer companies, a financial market index or other acceptable objective and quantifiable indices which the Committee selects. With respect to the applicable performance period, if the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the applicable performance measures unsuitable, the Committee may in its discretion modify such performance objectives or the related minimum acceptable level of achievement, in whole or part, as the Committee deems appropriate and equitable. Performance measures may vary from Performance Award to Performance Award, respectively, and from Participant to Participant, and may be established on a stand-alone basis, in tandem or in the alternative.

(d) A Performance Award shall not convey to the Participant the rights and privileges of an Employee Member with respect to the Common Shares subject to the Performance Award, such as the right to vote (except as relates to Restricted Stock) or the right to receive dividends, unless and until Common Shares are earned pursuant to the Performance Award and are issued to the Participant. Notwithstanding the foregoing, unless otherwise determined by the Committee in its sole discretion, each Performance Award shall convey the right to receive dividend equivalents with respect to any dividends declared during the period that the Performance Award is outstanding, but solely with respect to those Common Shares underlying the Performance Awards that are earned. Such dividend equivalents rights

shall accumulate and shall be paid in cash on the settlement date of the underlying Performance Award, subject to the satisfaction of the performance, vesting and other conditions of the underlying Performance Award, unless otherwise determined by the Committee. For the avoidance of doubt, unless otherwise determined by the Committee, no dividend equivalent rights shall be provided with respect to any Shares subject to a Performance Award that are not earned or do not vest pursuant to the terms of the Performance Award.

10. OTHER STOCK-BASED AWARDS. The Committee is authorized, subject to limitations under applicable law, to grant to any Participant, at any time prior to the termination of this Plan, such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Shares or factors that may influence the value of Common Shares, including convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Committee. For the avoidance of doubt, unless otherwise determined by the Committee, no dividend equivalent rights shall be provided with respect to any Shares subject to an Award that are not earned or do not vest pursuant to the terms of the Award. Other Stock- Based Awards will be evidenced by Award Agreements containing the terms and conditions as shall be determined by the Committee.

11. EFFECT OF TERMINATION OF SERVICE ON AWARDS. Unless otherwise provided by the Committee in any Award Agreement, or as the Committee may determine in any individual case, the following shall apply with respect to a Participant's outstanding Awards upon such Participant's Termination Date.

- (a) Death. In the event of a Participant's Termination Date due to death:
  - (i) Each Option and SAR held by the Participant that is vested and exercisable shall remain exercisable until the third anniversary of the date of death or, if earlier, the expiration date of such Option or SAR. Each outstanding Option and SAR held by the Participant that has not vested as of the Participant's Termination Date shall immediately be forfeited on the Participant's Termination Date.
  - (ii) Each outstanding vested Restricted Stock and RSU Award held by the Participant shall be settled within sixty (60) days following the Participant's Termination Date. Each outstanding Restricted Stock and RSU Award held by the Participant that has not vested as of the Participant's Termination Date shall immediately be forfeited on the Participant's Termination Date.
  - (iii) Each outstanding vested Performance Award held by the Participant shall be paid or settled on the scheduled settlement date or dates as provided under the terms of the applicable Award Agreement. Each outstanding Performance Award held by the Participant that has not vested as of the Participant's

Termination Date shall immediately be forfeited on the Participant's Termination Date.

(b) Disability. In the event of a Participant's Termination Date due to Disability:

- (i) Each Option and SAR held by the Participant that is vested and exercisable shall remain exercisable until the third anniversary of the Participant's Termination Date or, if earlier, the expiration date of such Option or SAR. Each outstanding Option and SAR held by the Participant that has not vested as of the Participant's Termination Date shall immediately be forfeited on the Participant's Termination Date.
- (ii) Each outstanding vested Restricted Stock and RSU Award held by the Participant shall be settled within sixty (60) days following the Participant's Termination Date. Each outstanding Restricted Stock and RSU Award held by the Participant that has not vested as of the Participant's Termination Date shall immediately be forfeited on the Participant's Termination Date.
- (iii) Each outstanding vested Performance Award held by the Participant shall be paid or settled on the scheduled settlement date or dates as provided under the terms of the applicable Award Agreement. Each outstanding Performance Award held by the Participant that has not vested as of the Participant's Termination Date shall immediately be forfeited on the Participant's Termination Date.

(c) Other Terminations. In the event of a Participant's Termination Date for any reason not specified in this Section 11 and subject to Section 13 hereof, the Participant shall not be entitled to retain any unvested portion of an Award; provided that (A) any Option or SAR that is vested on the Termination Date shall remain outstanding and exercisable until the earlier of (i) the applicable expiration date of such Option or SAR or (ii) ninety (90) days after the Termination Date, (B) each outstanding vested Restricted Stock and RSU Award held by the Participant shall be settled in accordance with the terms of the applicable Award Agreement and (C) each outstanding vested Performance Award held by the Participant shall be paid or settled on the scheduled settlement date or dates as provided under the terms of the applicable Award Agreement.

(d) Terminations Pursuant to Approved Separation Agreement or Program. Notwithstanding the above provisions, in the event of a Participant's Termination Date pursuant to an approved separation agreement or program, such Participant will not be entitled to retain any unvested portion of an Award; provided that (A) any Option or SAR that is vested on the Termination Date shall remain outstanding and exercisable until the earlier of (i) the applicable expiration date of such Option or SAR or (ii) ninety (90) days after the Termination Date, (B) each outstanding vested Restricted Stock and RSU Award held by the Participant shall be settled in accordance with the terms of the applicable Award Agreement and (C) each outstanding vested Performance Award held by the Participant

shall be paid or settled on the scheduled settlement date or dates as provided under the terms of the applicable Award Agreement.

(e) Alternative Treatment. Notwithstanding the foregoing, the Committee may provide for any alternative treatment of outstanding Awards, and the circumstances in which, and the extent to which, any such Awards may be exercised, settled, vested, paid or forfeited in the event of a Participant's Termination Date or the exercise, vesting or settlement of such Award, either in an Award Agreement or, subject to Section 12, by Committee action after the grant of an Award. Unless otherwise provided in an Award Agreement or otherwise determined by the Committee, a qualifying leave of absence shall not constitute a Termination Date. Any Participant's absence or leave shall be deemed to be a qualifying leave of absence if so provided under the Company's employee policies or if approved by the Company's chief human resources officer (or such individual holding a comparable role in the event of a restructuring of positions or re-designation of titles).

## 12. EFFECT OF A CHANGE IN CONTROL ON AWARDS.

(a) In the event of a Change in Control and unless otherwise provided in an Award Agreement, outstanding Options and SARs shall be treated as described in subsection (i) below, outstanding Restricted Stock and RSUs shall be treated as described in subsection (ii) below and outstanding Performance Awards shall be treated as described in subsection (iii) below.

- (i) If in connection with the Change in Control, any outstanding Option or SAR is continued in effect or converted into an option to purchase or right with respect to cash or stock of the successor or surviving entity (or a parent or subsidiary thereof) which conversion shall comply with Sections 424 (to the extent applicable) and 409A of the Code, then upon the occurrence of a Participant's Termination Date by the successor or surviving entity without Cause within twenty-four (24) months following the consummation of such Change in Control, such Option(s) or SAR(s) held by such Participant shall vest and become exercisable and shall remain exercisable until the earlier of the expiration of its full specified term or the first anniversary of such Termination Date. If outstanding Options or SARs are not continued or converted as described in this subsection, such Options or SARs shall vest and become fully exercisable effective immediately prior to the Change in Control (in a manner facilitating full exercise, including cashless exercise by Participants subject to the Change in Control) and any Options or SARs not exercised prior to the Change in Control shall be cancelled without consideration effective as of the Change in Control.
- (ii) If in connection with the Change in Control, any outstanding Restricted Stock or RSU is continued in effect or converted into a restricted stock or unit representing an interest in cash or stock of the successor or surviving entity (or a parent or subsidiary thereof) on a basis substantially equivalent to the consideration received by Members of the Company in connection

with the Change in Control, then upon the occurrence of a Participant's Termination Date by the successor or surviving entity without Cause within twenty-four (24) months following the Change in Control, such restricted stock or unit(s) held by such Participant shall vest and, in the case of units, be immediately due and payable. If outstanding Restricted Stock or RSUs are not continued or converted as described in this subsection, such Restricted Stock or RSUs shall vest and, in the case of RSUs, be due and payable effective immediately prior to the Change in Control.

- (iii) With respect to each outstanding Performance Award, (A) the performance period shall end as of the date immediately prior to such Change in Control and the Committee shall determine the extent to which the performance criteria applicable to such Performance Award have been satisfied at such time, (B) the portion of such Performance Award that is deemed to have been earned pursuant to clause (A) above shall be converted into a time-vesting Award of equivalent value to which any service vesting requirements applicable to the predecessor Performance Award shall continue to apply and (C) the converted time-vesting Award shall be paid or settled on the settlement date or dates as provided under the terms of the predecessor Performance Award that would have applied had a Change in Control not occurred; provided that upon the occurrence of a Participant's Termination Date by the successor or surviving entity without Cause within twenty-four (24) months following the Change in Control, any service vesting requirements applicable to any such converted Award shall be deemed to have been met and such converted Award shall be immediately paid or settled upon such Termination Date.

(b) In addition, in the event of a Change in Control and to the extent not less favorable to a Participant than the provisions of Section 12(a) above or the applicable Award Agreement, the Board, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such Change in Control, may take any one or more of the following actions whenever the Board determines that such action is appropriate or desirable in order to prevent the dilution or enlargement of the benefits intended to be made available under the Plan or to facilitate the Change in Control transaction:

- (i) to terminate or cancel any outstanding Award in exchange for a cash payment (and, for the avoidance of doubt, if as of the date of the Change in Control, the Board determines that no amount would have been realized upon the exercise of the Award or other realization of the Participant's rights, then the Award may be cancelled by the Company without payment of consideration);
- (ii) to provide for the assumption, substitution, replacement or continuation of any Award by the successor or surviving entity (or a parent or subsidiary thereof) with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving corporation (or a parent

or subsidiary thereof), and to provide for appropriate adjustments with respect to the number and type of securities (or other consideration) of the successor or surviving corporation (or a parent or subsidiary thereof), subject to any replacement awards, the terms and conditions of the replacement awards (including, without limitation, any applicable performance targets or criteria with respect thereto) and the grant, exercise or purchase price per share for the replacement awards;

- (iii) to make any other adjustments in the number and type of securities (or other consideration) subject to outstanding Awards and in the terms and conditions of outstanding Awards (including the grant or exercise price and performance criteria with respect thereto) and Awards that may be granted in the future; and
- (iv) to provide that any Award shall be accelerated and become exercisable, payable and/or fully vested with respect to all Common Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement.

(c) Prior to any payment or adjustment contemplated under this Section 12, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Shares, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

13. COMPANY CALL RIGHTS; TRANSFER RESTRICTIONS.

(a) Company Call Rights. Except as otherwise set forth in any Award Agreement, the following provisions will apply to all Awards granted under the Plan:

- (i) In the event of a Participant's Termination Date in the event of Cause, Termination Date prior to the date on which a Common Share issued in respect of any Award has vested, or a Material Breach, the Company may at any time during the period commencing on the Termination Date or date of Material Breach and ending on the first anniversary of the Termination Date or Material Breach repurchase from the Participant any Common Shares previously acquired by the Participant through the exercise, grant or payment of an Award under the Plan at a repurchase price equal to the lesser of (A) the original purchase price or exercise price (as applicable) of the share, if any, and (B) Fair Market Value of the Common Shares as of the date of repurchase.
- (ii) If the Company elects to exercise the rights under this Section 13, the Company shall do so by delivering to the Participant a notice of such election,



specifying the number of Common Shares to be purchased and the closing date and time of such purchase; provided, that unless determined otherwise by the Committee in no event shall the Company be obligated to deliver any such notice with respect to any Common Shares unless and until such Common Shares have been issued, vested (if applicable) and outstanding (and not subject to any pledge or other security interest) for such period as may be necessary in order to avoid adverse accounting treatment applying generally accepted accounting principles. Such closing shall take place within thirty (30) days following such notice at the Company's principal executive offices. At such closing, the Company shall pay the Participant the repurchase price as specified in this Section 13 in (A) cash, (B) a subordinated note, which will bear interest at the five (5)- year Applicable Federal Rate (compounded semiannually) and which will mature on the first to occur of (1) a Change in Control or (2) five (5) years following the date of issuance (the "**Repurchase Note**"), (C) by cancellation of indebtedness of the Participant, or (D) any combination of (A) through (C) chosen at the Board's discretion. The Company will be entitled to receive customary representations and warranties from the Participant regarding the Common Shares being repurchased including, but not limited to, the representation that the Participant has good and marketable title to the Common Shares to be repurchased free and clear of all liens, claims and other encumbrances.

- (iii) All repurchases shall be subject to applicable restrictions contained in the Delaware Limited Liability Company Act and in the Company's and its Subsidiaries' debt financing agreements. If any such restrictions prohibit the repurchase of Common Shares for cash or the Repurchase Note as stated above, the Company shall have the right to delay payment of any outstanding Repurchase Notes; provided that such notes shall accelerate and be payable in full once the Company is permitted to repurchase the Common Shares or repay such notes under the debt financing agreements or, if earlier, upon a Change in Control. Any such notes issued by the Company shall be subject to any restrictive covenants in debt financing agreements to which the Company is subject at the time of the repurchase closing. If any such restrictions prohibit the repurchase of Common Shares for such subordinated notes, then the time periods provided herein for repurchases shall be suspended, and the Company may make such repurchases as soon as it is permitted to do so under such restriction.
  - (iv) Notwithstanding anything in the Plan to the contrary, this Section 13(a) shall terminate and be of no further force or effect upon the earlier to occur of a Change in Control or an Initial Public Offering.
- (b) Restrictions on Transfer. All Awards and all Common Shares acquired by the Participant (or the Participant's estate or legal representative) pursuant to an Award under the Plan are personal to a Participant and are not Transferable by such Participant, other than by will or pursuant to applicable laws of descent and distribution; provided that no

such Transfer by will or pursuant to applicable laws of descent and distribution shall be effective until the later of (i) ten (10) business days following the date that the Company receives written notice of such Transfer and (ii) the Company's receipt of a written certification from each Transferee stating that such Person is a U.S. citizen. Any attempted Transfer of the Awards or the Common Shares acquired by the Participant (or the Participant's estate or legal representative) pursuant to an Award under the Plan, which is not specifically permitted under this Plan, shall be null and void. Subject to Section 15(h) hereof, all Common Shares acquired by the Participant (or the Participant's estate or legal representative) pursuant to an Award under the plan shall no longer be subject to this Section 13(a) upon the earlier to occur of a Change in Control or an Initial Public Offering.

14. UNFUNDED STATUS OF THE PLAN.

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Company.

15. MISCELLANEOUS.

(a) Conditions Precedent to Awards. As a condition precedent to the vesting, exercise, payment or settlement of any portion of any Award at any time prior to a Change in Control, each Participant shall: (i) refrain from engaging in any activity which will cause damage to the Company or is in any manner inimical or in any way contrary to the best interests of the Company, as determined in the sole discretion of the Company's CEO or chief human resources officer (or such individuals holding a comparable role in the event of a restructuring of positions or re-designation of titles), (ii) for a period of twelve (12) months following any termination of employment or service, directly or indirectly, not knowingly induce any employee of the Company or any Subsidiary to leave his or her employment for participation, directly or indirectly, with any existing or future business venture associated with such Participant, and (iii) furnish to the Company such information with respect to the satisfaction of the foregoing conditions precedent as the Committee may reasonably request. In addition, the Committee may require a Participant to enter into such agreements as the Committee considers appropriate related to the subject matter of this Section 15(a). The failure by any Participant to satisfy any of the foregoing conditions precedent shall result in the immediate cancellation of the unvested portion of any Award and any portion of any vested Award that has not yet been exercised, paid or settled and such Participant will not be entitled to receive any consideration with respect to such cancellation.

(b) Term. No Award shall be granted pursuant to the Plan on or after the tenth (10th) anniversary of the earlier of the Effective Date or the date of Member approval of the Plan, but Awards granted prior to such tenth (10th) anniversary may extend beyond that date and the terms and conditions of the Plan shall continue to apply to such Awards.

(c) Member Approval. The Plan shall be submitted for the approval by the Members within twelve (12) months after the date of the Board's adoption of the Plan.

(d) Legend. The Committee may require each person receiving Common Shares pursuant to an Award under the Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by the Plan, the certificates, if any, for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on Transfer. All certificates for Common Shares delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Shares is then listed or any national securities exchange system upon whose system the Common Shares is then quoted, any applicable federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(e) Securities Laws. This Plan has been instituted by the Company to provide certain compensatory incentives to the Participants and is intended to qualify for an exemption from the registration requirements (a) under the Securities Act pursuant to Rule 701 promulgated under the Securities Act, and (b) under applicable state securities laws.

(f) Right to Amend or Terminate the Plan. The Board or Committee may amend or terminate the Plan or any Awards, in whole or in part, at any time and for any reason, provided that no such amendment or termination shall be made without Member approval to the extent that such approval is necessary to comply with any regulatory requirement applicable to the Plan. The termination of the Plan, any amendment thereof, or any amendment or termination of any Award shall not impair the rights or obligations of any Participant under any Award previously granted under the Plan without the Participant's consent, other than pursuant to Section 4(c) and Section 12. No Awards shall be granted under the Plan after the Plan's termination.

(g) Withholding. In a situation where, if a Participant were to receive Shares (by virtue of the exercise of any Option or the vesting or settlement of any Award), the Company or any of its Affiliates (or a former Affiliate) would be obliged to (or would suffer a disadvantage if it were not to) account for any tax or social security contributions in any jurisdiction for which that person would be liable by virtue of the receipt of such Shares or which would be recoverable from that person (together, the "Tax Liability"), the Option may not be exercised or the Award may not become vested or settled and the Shares may not be distributed unless that person has either (i) made a payment to the Company or any of its Affiliates (or such former Affiliates) of an amount at least equal to the Company's estimate of the Tax Liability or (ii) entered into arrangements acceptable to the Company or any of its Affiliates (or such former Affiliates) to secure that such a payment is made (whether by authorizing the sale of some or all of the shares on his or her behalf and the payment to the Company or any of its Affiliates (or such former Affiliates) of the relevant amount out of

the proceeds of sale or otherwise). Without limiting the generality of the foregoing, the Committee may, in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) the delivery of Common Shares (which are not subject to any pledge or other security interest) owned by the Participant having a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of Common Shares otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability (but no more than the maximum individual statutory rate for the applicable tax jurisdiction).

(h) Lock-Up Period. As a condition to the grant of an Award, if requested by the Company and the lead underwriter of any public offering of the Common Shares (the "Lead Underwriter"), a Participant shall irrevocably agree not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of, any interest in any Common Shares or any securities convertible into, derivative of, or exchangeable or exercisable for, or any other rights to purchase or acquire Common Shares (except Common Shares included in such public offering or acquired on the public market after such offering) during such period of time following the effective date of a registration statement of the Company filed under the Securities Act that the Lead Underwriter shall specify (the "Lock-Up Period"). The Participant shall further agree to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agree that the Company may impose stop-transfer instructions with respect to Common Shares acquired pursuant to an Award until the end of such Lock-Up Period.

(i) Beneficiaries. Unless stated otherwise in an Award Agreement, a Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Awards shall be settled and any cash payments shall be distributed to the Participant's estate.

(j) Indemnification. To the maximum extent permitted by applicable law, each member of the Committee or any delegate acting on behalf of or at the discretion of the Board shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf.

(k) Code Section 409A. The Plan is intended to either comply with or be exempt from the requirements of Code Section 409A. To the extent that the Plan is not exempt from the requirements of Code Section 409A, the Plan is intended to comply with the requirements of Code Section 409A and shall be limited, construed and interpreted in accordance with such intent. Accordingly, the Company reserves the right to amend the provisions of the Plan at any time and in any manner without the consent of any Participant solely to comply with the requirements of Code Section 409A and to avoid the imposition of the additional tax, interest or income inclusion under Code Section 409A on any payment to be made hereunder while preserving, to the maximum extent possible, the intended economic result of the Award of any affected Participant. With respect to any Award that is considered “deferred compensation” subject to Code Section 409A, references in the Plan or any Award Agreement to “termination of employment” or “termination of service” (and substantially similar phrases) shall mean “separation from service” within the meaning of Code Section 409A. A Participant’s right to receive installment payments pursuant to the Plan shall be treated as a right to receive a series of separate and distinct payments.

Whenever a payment under the Plan specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company. Unless otherwise provided by the Committee in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered “deferred compensation” subject to Code Section 409A) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Code Section 409A; or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of “Disability” pursuant to Code Section 409A. Notwithstanding anything in the Plan to the contrary, if a Participant is a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i), no payments in respect of any Awards that are “deferred compensation” subject to Code Section 409A and which would otherwise be payable upon the Participant’s “separation from service” (as defined in Code Section 409A) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death; provided, that following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Code Section 409A that is also a business day. Notwithstanding the foregoing, in no event whatsoever shall the Company be liable for any additional tax, interest, income inclusion or other penalty that may be imposed on a Participant by Code Section 409A or for damages for failing to comply with Code Section 409A unless such failure is a result of the Company’s breach of this Plan or the Award Agreement.

(l) No Right to be Granted Awards/Future Compensation. No employee, consultant, advisor, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, consultants, advisors, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted

under the Plan shall be a one-time Award that does not constitute a promise of future grants. The Committee maintains the right to make available future grants under the Plan. Any Award granted hereunder is not intended to be compensation of a continuing or recurring nature, or part of a Participant's normal or expected compensation, and in no way represents any portion of a Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

(m) No Right to Continued Employment/Service. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Company. Further, the Company may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in the applicable Award Agreement.

(n) Clawbacks. Any Awards granted under the Plan (including any amounts or benefits arising from such Awards) shall be subject to any applicable clawback or recoupment policies the Company has in place from time to time.

(o) Severability. If any provision of the Plan or any Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the Award Agreement, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award Agreement shall remain in full force and effect.

(p) Non-U.S. Participants. Awards may be granted to Participants who are non-United States nationals or employed or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Participants who are employed or providing services in the United States as may, in the judgment of the Committee, be necessary or desirable to recognize differences in local law, tax policy or custom. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Participants on assignments outside their home country.

(q) Governing Law and Forum; Waiver of Jury Trial. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the laws of any other jurisdiction. Each Participant who accepts an Award thereby agrees that any suit, action or proceeding brought by or against such Participant in connection with this Plan shall be brought solely in the Court of Chancery of the State of Delaware, each Participant consents to the jurisdiction and venue of such court and each Participant agrees to accept service of process by the Company or any of its agents in connection with any such proceeding. Each Participant who receives an Award hereby submits to and accepts

the exclusive jurisdiction of such court for the purpose of any such suit, legal action, or proceeding, and to the fullest extent permitted by law, each Participant who accepts an Award hereby irrevocably waives any objection which he or she may now or hereafter have to the laying of venue or any such suit, legal action or proceeding in such court and hereby further waives any claim that any suit, legal action or proceeding brought in such court has been brought in an inconvenient forum. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THE PLAN OR ANY AWARD OR THE MATTERS OTHERWISE CONTEMPLATED HEREBY.

(r) Construction. The words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation.” Where specific language is used to clarify by example a general statement contained herein (such as by using the words “such as”), such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. Whenever required by the context, any pronoun used in the Plan shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

**GM Cruise Holdings LLC**  
**2018 Employee Incentive Plan**  
**Restricted Stock Unit Award Agreement**

**Private and Confidential**

This Award Agreement describes the details under which you (“you” or the “Participant”) are being granted a Restricted Stock Unit Award (the “RSU”) under the 2018 Employee Incentive Plan (as amended from time to time, the “Plan”).

A copy of the Plan can be found on the Solium Shareworks site. Capitalized terms used in this Award Agreement have the meanings given in the Plan unless noted otherwise herein (including as set forth in Exhibit A).

The full terms of your RSU are set out in this Award Agreement, the Plan and any policy adopted by the Board in respect of the Plan and the RSU that is applicable to this Award Agreement. In the event of any conflict between this Award Agreement and the Plan, the terms of this Award Agreement shall prevail. Further, Section 15(a) of the Plan shall not be applicable to this Award Agreement. This Award Agreement may only be amended in writing with mutual written consent of the Board and the Participant.

**Summary of the Award**

<b>Issuer</b>	GM Cruise Holdings LLC, a Delaware limited liability company (the “ <u>Company</u> ”)
<b>Number of Restricted Stock Units</b>	[•]
<b>Grant Date</b>	[•]
<b>Grant Date Restricted Stock Units Value Per Share</b>	\$1,515
<b>Vesting</b>	This RSU will vest upon satisfaction of both the Time-Vesting Condition and the Performance-Vesting Condition as described in <u>Section 4</u> of the attached Terms and Conditions of the RSU.
<b>Expiration Date</b>	With respect to each RSU granted hereunder, the earliest to occur of (a) the date on which an RSU is settled in accordance with <u>Section 5</u> hereof, (b) the date on which an RSU is forfeited in accordance with <u>Section 4</u> hereof, and (c) the tenth (10th) anniversary of the Grant Date.
<b>Restrictive Covenants</b>	As a condition of receiving this Award, you will be subject to the restrictive covenants set forth in <u>Exhibit A</u> attached.
<b>Accredited Investor</b>	If requested by the Committee, you will be required to complete an
<b>Questionnaire</b>	Accredited Investor Questionnaire prior to acceptance of the grant.



## Terms and Conditions of the RSU

1. Grant of Restricted Stock Unit Award. Effective on the Grant Date, the Company hereby grants [●] RSUs. Each RSU corresponds to one Common Share, subject to adjustment as set forth in the Plan.

2. Participant Acknowledgements. The following terms apply to the grant of the RSUs hereunder. By accepting the Award, the Participant irrevocably agrees and acknowledges in favor of the Company (on its own behalf and as an agent for the Company's Subsidiaries) that:

(a) The Participant does not have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, directors, consultants, advisors, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award that does not constitute a promise of future grants. The Board maintains the right to make available future grants under the Plan.

(b) The grant of this Award does not give the Participant the right to be retained in the employ of, or to continue to provide services to, the Company or any of its Subsidiaries. The Company or the applicable Subsidiary may at any time dismiss the Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any other agreement binding the Participant and the Company. The Participant's receipt of this Award under the Plan is not intended to confer any rights to the Participant except as set forth in this Award Agreement.

(c) Awards under, and the Participant's participation in, the Plan do not form part of the Participant's remuneration for the purposes of determining payments in lieu of notice of termination of the Participant's employment, severance payments, leave entitlements, or any other compensation payable to the Participant and no Award, payment, or other right or benefit, under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit-sharing, group insurance, welfare or benefit plan of the Company or any of its Subsidiaries.

(d) The Company and its Subsidiaries, their respective affiliates, officers and employees make no representation concerning the financial benefit or taxation consequences of any Award or participation in the Plan and the Participant is strongly advised to seek the Participant's own professional legal and taxation advice concerning the impact of the Plan and the Participant's Award.

(e) The future value of the underlying Common Shares is unknown and cannot be predicted with certainty and the Common Shares may increase or decrease in value.

(f) The Participant has no entitlement to compensation or damages as a result of any loss or diminution in value of Common Shares or any other rights acquired pursuant to the Plan, including, without limitation, as a result of the termination of the Participant's employment by the Company or any of its Subsidiaries for any reason whatsoever and whether or not in breach of contract.

3. The Participant has read this Award Agreement, its Exhibits and the Plan carefully and understands their terms.

4. Vesting; Forfeiture.

(a) *General.* Vesting of the RSUs is conditioned on satisfaction of two vesting requirements before the tenth (10th) anniversary of the Grant Date (unless earlier vested or forfeited pursuant to Sections 4(b) - (e) below): a time and service based requirement (the “Time-Vesting Condition”) and a liquidity event requirement (the “Performance-Vesting Condition”), each as described in clauses (i) and (ii), respectively, below:

(i) The Time-Vesting Condition will be satisfied with respect to (i) 10% of the aggregate Common Shares covered by the RSU on [●], (ii) 2.5% of the aggregate Common Shares covered by the RSU on the 15th day of each calendar quarter thereafter (for thirty-four (34) successive calendar quarters following the first (1st) anniversary of the Grant Date), and (iii) the final 5% vesting [●], provided, that the Participant’s Termination Date has not occurred prior to each applicable date.

(1) Notwithstanding Section 4(a)(i) hereof, to the extent not previously satisfied, the Time-Vesting Condition will be satisfied as to 100% of the aggregate Common Shares covered by the RSU as of the date on which the Board certifies in writing that the Fair Market Value per share is equal to or greater than \$[●] (as adjusted pursuant to Section 4(c) of the Plan) for a period of ninety (90) consecutive calendar days (which, following the occurrence of an Initial Public Offering, shall be determined by reference to the trailing ninety (90) day volume-weighted average closing per share price of the Common Shares over such period, and which, prior to the occurrence of an Initial Public Offering shall take into consideration the Company’s then most-recently completed independent valuation obtained for purposes of compliance with Section 409A of the Code); provided, that the Participant remains continuously employed by the Company as an employee (and not solely in any other service provider capacity such as an independent contractor or member of the Board) through such date.

(ii) The Performance-Vesting Condition will be satisfied on the earliest to occur of (A) the date of a Change in Control or (B) the consummation of an Initial Public Offering.

In no event shall any of the RSUs vest unless a Change in Control or Initial Public Offering occurs on or before the tenth (10th) anniversary of the Grant Date (the “End Date”). The portion of the RSU for which the Time-Vesting Condition has been satisfied as described in Section 4(a)(i) (including Section 4(a)(i)(1)) shall be referred to as the “Time-Vested Portion” and the RSU that becomes vested upon satisfaction of the Performance-Vesting Condition as described in Section 4(a)(ii) shall be referred to as the “Performance-Vested RSU.”

(b) *Termination of Employment.*

(i) Subject to Sections 4(b)(ii), 4(c) and 4(e) hereof, and subject to the

Participant's delivery and non-revocation of a Release (as defined below), upon a Participant's involuntary termination not for Cause, the Participant shall be entitled to receive accelerated vesting of the portion of RSUs that did not meet the Time-Vesting Condition held by the Participant on the date of the Participant's Termination Date with respect to that number of RSUs that would have become vested had the Participant remained continuously employed by the Company for twelve (12) months immediately following the date of termination. The Time-Vested Portion as of the Participant's Termination Date shall remain outstanding and eligible to satisfy the Performance-Vesting Condition until the End Date. For the purposes of this Award Agreement, "Release" means a general release of claims in a form acceptable to the Company.

(ii) In the event of the Participant's Termination Date due to the Participant's death or Disability, the Time-Vesting Condition with respect to the RSUs that would have vested in the ordinary course in the twelve (12) months immediately following Participant's Termination Date due to death or Disability shall be deemed fully satisfied, and, in each case, such Time-Vested Portion as of the Participant's Termination Date shall remain outstanding and eligible to satisfy the Performance-Vesting Condition until the End Date for the benefit of the Participant or the Participant's executor or administrator (as applicable), or the person or persons to whom the Participant's rights under this Award Agreement shall pass by will or by the laws of descent and distribution as the case may be, to the extent set forth herein or in the Plan. Any heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(c) *Change in Control.* If, upon the occurrence of a Change in Control, the RSUs are not converted or assumed in connection with such Change in Control, in either case, by a successor entity pursuant to the Plan, then, notwithstanding any other provisions of the Plan to the contrary, the RSUs shall, to the extent not previously canceled, become fully vested with respect to the Time-Vesting Condition immediately prior to such Change in Control, provided, that the Participant's Termination Date has not occurred prior to such Change in Control. If, upon the occurrence of a Change in Control, the RSUs are converted or assumed in connection with such Change in Control, in either case, by a successor entity pursuant to the Plan, then, notwithstanding any other provisions of the Plan to the contrary, if the Participant's Termination Date occurs by reason of a termination by the Company without Cause or as a result of the Participant's resignation of employment with the Company for "Good Reason" (as defined below), in each case, within two (2) years following such Change in Control, the portion of the RSUs that have not satisfied the Time-Vesting Condition shall not be cancelled and the Time-Vesting Condition associated with such converted or assumed RSUs shall be deemed fully satisfied upon the Termination Date.

(i) A Participant's resignation of employment for "Good Reason" shall mean Participant's resignation following any one of the following acts by the Company (or failures by the Company to act): (i) a material negative change in the nature or status of the Participant's responsibilities from those in effect as of the consummation of the Change in Control (the "Closing"); (ii) a material negative change in the Participant's base salary, except for any across-the-board reduction similarly affecting similarly-situated employees of the Company; or (iii) the

relocation of the Participant's principal place of employment from the Participant's principal place of employment as of the Closing to a location that results in an increase in the Participant's daily commute of more than 50 miles in one direction; provided, however, in each case that (I) the Participant notifies the Company in writing of the circumstances giving the Participant the right to resign for Good Reason within thirty (30) days of the existence of such circumstances, (II) the Company fails to cure such circumstances within thirty (30) days after receipt of such notice, and (III) the Participant then terminates his or her employment within ninety (90) days of such failure to cure. If the Participant does not timely do so, the right to resign for Good Reason shall lapse and be deemed waived with respect to those circumstances.

(d) *Initial Public Offering*. For the avoidance of doubt, upon an Initial Public Offering no accelerated vesting of the Time-Vesting Condition associated with the RSUs shall occur and upon a Participant's Termination Date following an Initial Public Offering, all outstanding RSUs shall be treated in accordance with Sections 4(b) and (e) hereof.

(e) *Forfeiture*. Subject to the provisions of the Plan and this Award Agreement, the RSU shall be forfeited and cancelled for no consideration at the earlier to occur of:

- (i) the End Date;
- (ii) the Participant's Termination Date in the event of a termination of Participant's employment for "Cause." For the sake of clarity, the entire RSU (any Time-Vested Portion and/or any Performance-Vested Portion, as well as any portion outstanding and unvested) shall terminate and expire upon the Participant's Termination Date in the event of a termination of Participant's employment for "Cause." For the purposes of this Award Agreement, a termination of the Participant's employment for "Cause" shall occur if: (i) the Participant has engaged in intentional acts of fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment or service, or (ii) the Participant has committed a willful material breach of the restrictive covenants set forth in Section 2 (Nonsolicitation and Noninterference with Business Relationships), Section 3 (Nonsolicitation and Noninterference with Covered Persons), Section 4 (False Statements of Fact) and Section 5 (Confidential Information) of the attached Exhibit A, which are legally enforceable under California law; provided, however, in each case that (I) the Company notifies the Participant in writing of the circumstances giving the Company the right to terminate the Participant's employment for Cause within thirty (30) days of discovery by a majority of the members of the Board of the existence of such circumstances; provided that, prior to the earlier of a Change in Control or Initial Public Offering, such majority consists of all members of the Board who are employees of General Motors Company ("GM"), (II) the Participant fails to cure, if possible, such circumstances within thirty (30) days after receipt of such notice, and (III) the Company then terminates Participant's employment within ninety (90) days of such failure to cure. If the Company does not timely do so, the right to terminate Participant's employment for Cause shall lapse and be deemed

waived with respect to those circumstances. For the avoidance of doubt, the definition of “Cause” set forth in this Award Agreement shall, solely for purposes of this Award Agreement, supersede any other definition of “Cause” set forth in the Plan or any other agreement between the Participant and the Company.

5. Settlement; Withholding.

(a) Except as otherwise provided herein or in the Plan, the Company will deliver to the Participant the number of Common Shares equal to the portion of the RSU that has satisfied both the Time-Vesting Condition and the Performance-Vesting Condition no later than thirty (30) days following the applicable date on which both conditions are satisfied.

(b) The Company or any Affiliate shall have the right and is hereby authorized to (but is not required to) withhold from this RSU, any payment due or transfer made under the RSU or under the Plan or from any compensation or other amount owing to the Participant the amount (in cash, Common Shares, other securities, other awards or other property) of any applicable withholding taxes in respect of this RSU and to take such action as may be necessary with respect to the RSU to satisfy all obligations for the payment of such taxes (but no more than the maximum individual statutory rate for the applicable tax jurisdiction). Notwithstanding any provision of the Plan to the contrary, the Participant may, at his sole discretion, elect to have the Company withhold a number of RSUs upon the settlement of the Participant’s RSUs otherwise to be settled with a Fair Market Value equal to the amount of the Participant’s income and employment tax withholding obligations having a value not exceeding the amount determined by using the applicable maximum required statutory tax withholding rates in the applicable jurisdiction and valued at their Fair Market Value on the date of withholding, with any fractional share amounts settled in cash.

6. Distributions; Rights as Stockholder. Cash Distributions on the number of Common Shares issuable hereunder shall be credited to a Distribution book entry account on behalf of the Participant with respect to each RSU granted to the Participant, provided that such cash Distributions shall not be deemed to be reinvested in Common Shares and shall be held uninvested and without interest and paid in cash at the same time that the Common Shares underlying the RSUs are delivered to the Participant in accordance with the provisions hereof. Stock or property Distributions on Common Shares shall be credited to a Distribution book entry account on behalf of the Participant with respect to each RSU granted to the Participant, provided that such stock or property Distributions shall be paid, in the sole discretion of the Board, in (a) Common Shares, (b) in the case of a spin-off, shares of stock of the entity that is spun-off from the Company, (c) other property or (d) cash payments equal to the Fair Market Value of such stock or property Distributions, as applicable and in each case, at the same time that the Common Shares underlying the RSUs are delivered to the Participant in accordance with the provisions hereof. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any Common Shares covered by any RSU unless and until the Participant has become the holder of record of such shares.

7. Transferability. The RSU shall be subject to the transfer restrictions as provided under the Plan; provided, however, that upon advance written notice to the Company a transfer of the RSU shall be permitted in the event of transfers made to the Participant’s family members, to family trusts or to Participant family controlled entities and/or pursuant to lawful domestic relations orders or agreements, in all cases without payment for such transfers to the Participant and pursuant to such

form of transfer agreement as the Company may reasonably require.

8. Restrictive Covenant Violation. In the event of a willful material breach with respect to the restrictive covenants set forth in Section 2 (Nonsolicitation and Noninterference with Business Relationships), Section 3 (Nonsolicitation and Noninterference with Covered Persons), Section 4 (False Statements of Fact) and Section 5 (Confidential Information) of the attached Exhibit A which are legally enforceable under California law, the Board may, in its discretion to the extent provided in this Section 8, terminate and cancel the RSUs, to the extent outstanding at the time the violation is discovered, and/or require the Participant to promptly return any Common Shares received upon any previous vesting of the RSU (or, if the Participant transferred the Common Shares, a payment equal to the current Fair Market Value thereof) for no consideration; provided, however, in each case that the Company seeks to invoke this Section 8, (I) the Company first notifies the Participant in writing of the circumstances giving the Company the right to invoke this Section 8 within thirty (30) days after the violation is discovered by a majority of the members of the Board; provided that, prior to the earlier of a Change in Control or Initial Public Offering, such majority consists of all members of the Board who are employees of GM, (II) the Participant fails to cure, if possible, such violation within thirty (30) days after receipt of such notice, and (III) the Company then determines, in its discretion, whether to terminate and cancel any RSUs and otherwise enforce its rights under this Section 8 within ninety (90) days of such failure to cure. If the Company does not timely do so, the right to invoke this Section 8 shall lapse and be deemed waived with respect to such violation.

Notwithstanding any other provision of the Plan or this Award Agreement to the contrary, the Participant's obligation to return any Common Shares received upon any previous vesting of the RSU (or, if the Participant transferred the Common Shares, a payment equal to the current Fair Market Value thereof) shall in no event exceed the net after-tax number of Common Shares received by Participant upon any previous vesting of the RSU after deducting all federal and state income and employment taxes which were payable by Participant upon the receipt of such Common Shares and (if the Participant has previously transferred any Common Shares) upon the transfer of such Common Shares.

9. Conditions Precedent to Award Agreement. As a condition precedent to the vesting, payment or settlement of any portion of the RSU at any time prior to a Change in Control, the Participant shall: (i) refrain from engaging in any activity that could reasonably be expected to cause material harm to the Company or is in any manner materially and intentionally inimical or in any way materially detrimental to the Company, in each case as determined by the Board in good faith and (ii) furnish to the Company such information with respect to the satisfaction of the foregoing conditions precedent as the Board may reasonably request. In addition, the Board may require Participant to enter into such agreements as the Board considers appropriate related to the subject matter of this Section 9. The failure by the Participant to satisfy either of the foregoing conditions precedent shall result in the immediate cancellation of the unvested portion of any Award and any vested Award that has not yet been paid or settled and the Participant will not be entitled to receive any consideration with respect to such cancellation; provided, however, that prior to the cancellation of any Award as described in this Section 9, (I) the Board notifies the Participant in writing of the circumstances giving the Company the right to cancel the RSU within thirty (30) days after such circumstances are discovered by a majority of the members of the Board; provided that, prior to the earlier of a Change in Control or Initial Public Offering, such majority consists of all members of the Board who are employees of GM, (II) the Participant fails to cure, if possible, such circumstances

within thirty (30) days following his receipt of such notice and (III) the Board then cancels the Participant's RSU within ninety (90) days of such failure to cure; provided that, after the discovery of such circumstances giving the Company the right to cancel the RSU and before the cancellation of the RSU, the Participant is granted an opportunity to meet with the Board (with legal counsel, if desired) to address the existence of such circumstances. If the Board does not timely do so, the right to cancel the Participant's RSU shall lapse and be deemed waived with respect to those circumstances.

10. Securities Laws. Upon the acquisition of any Common Shares pursuant to the vesting of the RSU, the Participant will make or enter into such written representations, warranties and agreements as the Board may reasonably request in order to comply with applicable securities laws or with this Award Agreement.

11. Notices. Any notice necessary under this Award Agreement shall be addressed to the Company in care of its General Counsel at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

12. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

13. RSU Subject to Plan and the LLC Agreement. By entering into this Award Agreement, the Participant agrees and acknowledges that a copy of the Plan and the LLC Agreement has been made available to the Participant. The Participant and the Company both acknowledge that the RSU granted hereunder and the underlying Common Shares are subject to the Plan and the LLC Agreement. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference; provided that any amendment to the Plan which significantly impairs the Participant's rights under this Agreement shall not to that extent be effective without the written consent of the Participant (or the Participant's estate in the case of his or her death). The terms and provisions of the LLC Agreement may be amended from time to time in accordance with the LLC Agreement and are hereby incorporated herein by reference.

14. Spousal Consent. To the extent the Committee determines such consent is advisable and/or necessary, in connection with and as a condition to the grant of an Award under this Plan, the Committee may require a Participant who is lawfully married to complete a form of spousal consent.

15. Signature in Counterparts. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. Personal Information. To enable the Company to issue this Award to the Participant, and administer the Plan and any Award, by entering into this Award Agreement the Participant consents to the holding and processing of personal information provided by the Participant to the Company or any Subsidiary, trustee or third party service provider, for all purposes relating to the operation of the Plan.

**GM Cruise Holdings LLC**  
**2018 Employee Incentive Plan**  
**Stock Option Award Agreement**

**Private and Confidential**

This Award Agreement describes the details under which you (“you” or the “Participant”) are being granted a Stock Option Award (the “Option”) consisting of an option to acquire [•] Class B Common Shares of GM Cruise Holdings LLC, a Delaware limited liability company (the “Company”), under the 2018 Employee Incentive Plan (as amended from time to time, the “Plan”).

A copy of the Plan can be found on the Solium Shareworks site. Capitalized terms used in this Award Agreement have the meanings given in the Plan unless noted otherwise herein (including as set forth in Exhibit A).

The full terms of your Option are set out in this Award Agreement, the Plan and any policy adopted by the Board in respect of the Plan and the Option that is applicable to this Award Agreement. In the event of any conflict between this Award Agreement and the Plan, the terms of this Award Agreement shall prevail. Further, Section 15(a) of the Plan shall not be applicable to this Award Agreement. This Award Agreement may only be amended in writing with mutual written consent of the Board and the Participant.

**Summary of the Award**

<b>Issuer</b>	GM Cruise Holdings LLC, a Delaware limited liability company
<b>Number of Common Shares Subject to the Option</b>	[•]
<b>Grant Date</b>	[•]
<b>Exercise Price</b>	\$1,515
<b>Vesting</b>	This Option will vest over the ten (10)-year period beginning on the first (1st) anniversary of the Grant Date, with 10% of the Option vesting on [•], 2.5% of the Option vesting on a quarterly basis thereafter, and the final 5% vesting on [•]; <u>provided</u> that you must be continuously employed by the Company or any of its Subsidiaries from the Grant Date through each such vesting date.
<b>Option Expiration Date</b>	[•]

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<b>Restrictive Covenants</b>	You will be subject to the restrictive covenants set forth in <u>Exhibit A</u> attached.
<b>Accredited Investor Questionnaire</b>	If requested by the Committee, you will be required to complete an Accredited Investor Questionnaire prior to acceptance of the grant.

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## Terms and Conditions of the Option

1. Grant of Stock Option Award. Effective on the Grant Date, the Company hereby grants an Option to acquire [●] Common Shares of the Company with an Exercise Price of \$1,515 subject to adjustment as set forth in the Plan.

2. Form. The Option is a non-qualified stock options, and not intended to comply with Section 422 of the Code.

3. Participant Acknowledgements. The following terms apply to the grant of the Option hereunder. By accepting the Award the Participant irrevocably agrees and acknowledges in favor of the Company (on its own behalf and as an agent for the Company's Subsidiaries) that:

(a) The Participant does not have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, directors, consultants, advisors, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award that does not constitute a promise of future grants. The Board maintains the right to make available future grants under the Plan.

(b) The grant of this Option does not give the Participant the right to be retained in the employ of, or to continue to provide services to, the Company or any of its Subsidiaries. The Company or the applicable Subsidiary may at any time dismiss the Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any other agreement binding the Participant and the Company. The Participant's receipt of this Option under the Plan is not intended to confer any rights to the Participant except as set forth in this Award Agreement.

(c) Awards under, and the Participant's participation in, the Plan do not form part of the Participant's remuneration for the purposes of determining payments in lieu of notice of termination of the Participant's employment, severance payments, leave entitlements, or any other compensation payable to the Participant, and no Award, payment, or other right or benefit under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit-sharing, group insurance, welfare or benefit plan of the Company or any of its Subsidiaries.

(d) The Company and its Subsidiaries, their respective affiliates, officers and employees make no representation concerning the financial benefit or taxation consequences of any Award or participation in the Plan and the Participant is strongly advised to seek the Participant's own professional legal and taxation advice concerning the impact of the Plan and the Participant's Award.

(e) The future value of the underlying Common Shares is unknown and cannot be predicted with certainty, and the Common Shares may increase or decrease in value.

(f) The Participant has no entitlement to compensation or damages as a result of any loss or diminution in value of Common Shares or any other rights acquired pursuant to the Plan, including, without limitation, as a result of the termination of the Participant's employment by the

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Company or any of its Subsidiaries for any reason whatsoever and whether or not in breach of contract.

(g) The Participant has read this Award Agreement, its Exhibits and the Plan carefully and understands their terms.

4. Vesting.

(a) *General.* Subject to Sections 4(b) and 4(c) hereof, the Option shall vest and become exercisable with respect to (i) 10% of the aggregate Common Shares covered by the Option on [•], (ii) 2.5% of the aggregate Common Shares covered by the Option on the 15th day of each calendar quarter thereafter (for thirty-four (34) successive calendar quarters following the first (1st) anniversary of the Grant Date), and (iii) the final 5% vesting on [•], provided, that the Participant's Termination Date has not occurred prior to each applicable date. The portion of the Option that has at any time become vested and exercisable as described above is hereinafter referred to as the "Vested Portion."

(b) *Termination of Employment.*

(i) Subject to Sections 4(b)(ii) and 4(c) hereof, and subject to the Participant's delivery and non-revocation of a Release (as defined below), upon a Participant's involuntary termination not for Cause, the Participant shall be entitled to receive the following:

(1) continued payment of the Participant's base salary, in substantially equal installments, in accordance with the Company's normal payroll practices, as in effect on the Participant's Termination Date (such amounts the "Salary Continuation Payments"), until the 12-month anniversary of the Participant's Termination Date. The first installment of the Salary Continuation Payments shall be paid to the Participant on the 60th day following the Participant's Termination Date; provided that the Release has become irrevocable as of such 60th day and shall include all installments that would otherwise have been paid prior to such date. The Participant's right to such Salary Continuation Payments shall survive until the option expiration date. For the purposes of this Award Agreement, "Release" means a general release of claims in a form acceptable to the Company; and

(2) accelerated vesting and immediate exercisability of the portion of Options held by the Participant on the date of the Participant's Termination Date with respect to that number of Options that would have become vested and immediately exercisable had the Participant remained continuously employed by the Company for twelve (12) months immediately following the Participant's Termination Date.

(ii) In the event of the Participant's Termination Date due to the Participant's death or Disability, the vesting conditions associated with the Options that would have vested in the ordinary course in the twelve (12) months immediately

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following Participant's Termination Date due to death or Disability shall be deemed fully satisfied, in each case, for the benefit of the Participant or the Participant's executor or administrator (as applicable), or the person or persons to whom the Participant's rights under this Award Agreement shall pass by will or by the laws of descent and distribution as the case may be, to the extent set forth herein or in the Plan. Any heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(c) *Change in Control.* If, upon the occurrence of a Change in Control, the Options are not converted or assumed in connection with such Change in Control, in either case, by a successor entity pursuant to the Plan, then, notwithstanding any other provisions of the Plan to the contrary, the Options shall, to the extent not previously canceled, become fully vested immediately prior to such Change in Control, provided, that the Participant's Termination Date has not occurred prior to such Change in Control. If, upon the occurrence of a Change in Control, the Options are converted or assumed in connection with such Change in Control, in either case, by a successor entity pursuant to the Plan, then, notwithstanding any other provisions of the Plan to the contrary, if the Participant's Termination Date occurs by reason of a termination by the Company without Cause or as a result of the Participant's resignation of employment with the Company for "Good Reason" (as defined below), in each case, within two (2) years following such Change in Control, the portion of the Option that has not vested shall not be cancelled and the vesting conditions associated with such converted or assumed Option shall be deemed fully satisfied upon the Termination Date.

(i) A Participant's resignation of employment for "Good Reason" shall mean Participant's resignation following any one of the following acts by the Company (or failures by the Company to act): (i) a material negative change in the nature or status of the Participant's responsibilities from those in effect as of the consummation of the Change in Control (the "Closing"); (ii) a material negative change in the Participant's base salary, except for any across-the-board reduction similarly affecting similarly-situated employees of the Company; or (iii) the relocation of the Participant's principal place of employment from the Participant's principal place of employment as of the Closing to a location that results in an increase in the Participant's daily commute of more than 50 miles in one direction; provided, however, in each case that (I) the Participant notifies the Company in writing of the circumstances giving the Participant the right to resign for Good Reason within thirty (30) days of the existence of such circumstances, (II) the Company fails to cure such circumstances within thirty (30) days after receipt of such notice, and (III) the Participant then terminates his or her employment within ninety (90) days of such failure to cure. If the Participant does not timely do so, the right to resign for Good Reason shall lapse and be deemed waived with respect to those circumstances.

(d) *Initial Public Offering.* For the avoidance of doubt, upon an Initial Public Offering no accelerated vesting shall occur and upon a Participant's Termination Date following an Initial Public Offering, all outstanding Options shall be treated in accordance with Section 4(b) hereof.

5. Exercise of the Option.

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(a) Period of Exercise. Subject to the provisions of the Plan and this Award Agreement, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of:

- (i) the ten (10)-year anniversary of the Grant Date;
- (ii) three (3) years following the Termination Date where termination of employment is due to death or Disability;
- (iii) three (3) years following the Termination Date where termination of employment is by the Company without Cause (other than due to death or Disability) or by the Participant for any reason; or
- (iv) the Termination Date where termination of employment is by the Company for Cause or by the Participant if Cause exists at the time of resignation. For the sake of clarity, the entire Option (all vested and unvested portions) shall terminate and expire upon the Participant's termination under this Section 5(a)(iv). For the purposes of this Award Agreement, a termination of the Participant's employment for "Cause" shall occur if: (i) the Participant has engaged in intentional acts of fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment or service or (ii) the Participant has committed a willful material breach of the restrictive covenants set forth in Section 2 (Nonsolicitation and Noninterference with Business Relationships), Section 3 (Nonsolicitation and Noninterference with Covered Persons), Section 4 (False Statements of Fact) and Section 5 (Confidential Information) of the attached Exhibit A, which are legally enforceable under California law; provided, however, in each case that (I) the Company notifies the Participant in writing of the circumstances giving the Company the right to terminate the Participant's employment for Cause within thirty (30) days of discovery by a majority of the members of the Board of the existence of such circumstances; provided that, prior to the earlier of a Change in Control or Initial Public Offering, such majority consists of all members of the Board who are employees of General Motors Company ("GM"), (II) the Participant fails to cure, if possible, such circumstances within thirty (30) days after receipt of such notice, and (III) the Company then terminates Participant's employment within ninety (90) days of such failure to cure. If the Company does not timely do so, the right to terminate Participant's employment for Cause shall lapse and be deemed waived with respect to those circumstances. For the avoidance of doubt, the definition of "Cause" set forth in this Award Agreement shall, solely for purposes of this Award Agreement, supersede any other definition of "Cause" set forth in the Plan or any other agreement between the Participant and the Company.

(b) Method of Exercise.

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- (i) Subject to Section 5(a) and the terms of this Section 5(b), the Vested Portion of the Option may be exercised by initiating the transaction in Participant's Solium Shareworks account, or by contacting a Solium representative; provided that the Option may be exercised with respect to whole Common Shares only. Such notice to Solium shall specify the number of Common Shares for which the Option is being exercised and shall be accompanied by payment in full of the exercise price as follows: (A) in cash or by check, bank draft or money order payable to the order of the Company; or (B) solely to the extent permitted by applicable law, if the Common Shares are traded on a national securities exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Company an amount equal to the exercise price; (C) at the Participant's discretion, having the Company withhold Common Shares issuable upon exercise of the Option, or by payment in full or in part in the form of Common Shares owned by the Participant, based on the Fair Market Value of the Common Shares on the payment date as determined by the Committee or (D) on such other terms and conditions as may be acceptable to the Committee. No Common Shares shall be issued until payment therefor, as provided herein, has been made or provided for, and the withholding obligation referred to in Section 8 herein is satisfied.
- (ii) Upon the Company's determination that the Option has been validly exercised as to any of the Common Shares, and the withholding obligation referred to in Section 8 herein is satisfied, the Company shall issue the Common Shares in the Participant's name by book-entry registration only.
- (c) In the event of the Participant's death, the Vested Portion of the Option shall remain exercisable by the Participant's executor or administrator, or the person or persons to whom the Participant's rights under this Agreement shall pass by will or by the laws of descent and distribution as the case may be, to the extent set forth herein or in the Plan. Any heir or legatee of the Participant shall take the rights herein granted subject to the terms and conditions hereof.

6. Legend on Certificates. If stock certificates representing the Common Shares purchased by exercise of the Option are issued, such certificates shall be subject to such stop transfer orders and other restrictions as the Board may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, daily stock exchange upon which such Common Shares are listed, and any applicable Federal or state laws, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

7. Transferability. The Option shall be subject to the transfer restrictions as provided under the Plan; provided, however, that upon advance written notice to the Company a transfer of the Option shall be permitted in the event of transfers made to the Participant's family members, to family trusts or to Participant family controlled entities and/or pursuant to lawful domestic relations orders or agreements, in all cases without payment for such transfers to the Participant

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and pursuant to such form of transfer agreement as the Company may reasonably require.

8. Taxes.

(a) The Participant shall be required to pay to the Company or any Affiliate the amount in cash of any applicable withholding taxes due in respect of this Option or its exercise, and this Option and the right to receive any Common Shares in respect thereof shall be terminated if this requirement is not satisfied. The Company or any Affiliate shall have the right and is hereby authorized to (but is not required to) withhold from this Option, any payment due or transfer made under the Option or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Common Shares, other securities, other awards or other property) of such withholding taxes and to take such action as may be necessary with respect to the Option to satisfy all obligations for the payment of such taxes.

(b) Without limiting the generality of clause (a) above, the Participant may, satisfy, in whole or in part, the foregoing withholding liability by delivery of Common Shares owned by the Participant (which are not subject to any pledge or other security interest), with a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of Common Shares otherwise issuable pursuant to the exercise of the Option a number of Common Shares with a Fair Market Value equal to such withholding liability (but no more than the maximum individual statutory rate for the applicable tax jurisdiction); provided, however, that Participant shall not be entitled to surrender shares to satisfy withholding obligations absent the Board's advance written consent if such withholding obligations would result in an aggregate annual income and employment tax cash deposit obligation by the Company in respect of the Participant's exercise(s) of all the Participant's options to purchase Common Shares (whether under this Option or any other Company option to purchase Common Shares held by the Participant) for any single calendar year of more than \$50,000,000.

9. Restrictive Covenant Violation. In the event of a willful material breach with respect to the restrictive covenants set forth in Section 2 (Nonsolicitation and Noninterference with Business Relationships), Section 3 (Nonsolicitation and Noninterference with Covered Persons), Section 4 (False Statements of Fact) and Section 5 (Confidential Information) of the attached Exhibit A, which are legally enforceable under California law, the Board may, in its discretion to the extent provided in this Section 9, terminate and cancel the Option, to the extent outstanding at the time the violation is discovered, and/or require the Participant to promptly return any Common Shares received upon any previous exercise of the Option (or, if the Participant transferred the Common Shares, a payment equal to the current Fair Market Value thereof) in exchange for the lesser of (a) the original exercise price of the Common Share and (b) the Fair Market Value of the Common Share as of the date of repurchase; provided, however, in each case that the Company seeks to invoke this Section 9, (I) the Company first notifies the Participant in writing of the circumstances giving the Company the right to invoke this Section 9 within thirty (30) days after the violation is discovered by a majority of the members of the Board; provided that, prior to the earlier of a Change in Control or Initial Public Offering, such majority consists of all members of the Board who are employees of GM, (II) the Participant fails to cure, if possible, such violation within thirty (30) days after receipt of such notice, and (III) the Company then determines, in its discretion, whether to terminate and cancel the Option and otherwise enforce its rights under this Section 9 within

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ninety (90) days of such failure to cure. If the Company does not timely do so, the right to invoke this Section 9 shall lapse and be deemed waived with respect to such violation.

Notwithstanding any other provision of the Plan or this Award Agreement to the contrary, the Participant's obligation to return any Common Shares received upon any previous exercise of the Option (or, if the Participant transferred the Common Shares, a payment equal to the current Fair Market Value thereof) shall in no event exceed the net after-tax number of Common Shares received by Participant upon any previous exercise of the Option after deducting all federal and state income and employment taxes which were payable by Participant upon the receipt of such Common Shares and (if the Participant has previously transferred any Common Shares) upon the transfer of such Common Shares.

10. Conditions Precedent to Award Agreement. As a condition precedent to the vesting, exercise, payment or settlement of any portion of the Option at any time prior to a Change in Control, the Participant shall: (i) refrain from engaging in any activity that could reasonably be expected to cause material harm to the Company or is in any manner materially and intentionally inimical or in any way materially detrimental to the Company, in each case as determined by the Board in good faith and (ii) furnish to the Company such information with respect to the satisfaction of the foregoing conditions precedent as the Board may reasonably request. In addition, the Board may require Participant to enter into such agreements as the Board considers appropriate related to the subject matter of this Section 10. The failure by the Participant to satisfy either of the foregoing conditions precedent shall result in the immediate cancellation of the unvested portion of any Award and any vested Award that has not yet been exercised, paid or settled and the Participant will not be entitled to receive any consideration with respect to such cancellation; provided, however, that prior to the cancellation of any Award as described in this Section 10, (I) the Board notifies the Participant in writing of the circumstances giving the Company the right to cancel the Option within thirty (30) days after such circumstances are discovered by a majority of the members of the Board; provided that, prior to the earlier of a Change in Control or Initial Public Offering, such majority consists of all members of the Board who are employees of GM, (II) the Participant fails to cure, if possible, such circumstances within thirty (30) days following his receipt of such notice and (III) the Board then cancels the Participant's Option within ninety (90) days of such failure to cure; provided that, after the discovery of such circumstances giving the Company the right to cancel the Option and before the cancellation of the Option, the Participant is granted an opportunity to meet with the Board (with legal counsel, if desired) to address the existence of such circumstances. If the Board does not timely do so, the right to cancel the Participant's Option shall lapse and be deemed waived with respect to those circumstances.

11. Securities Laws. Upon the acquisition of any Common Shares pursuant to the exercise of the Option, the Participant will make or enter into such written representations, warranties and agreements as the Board may reasonably request in order to comply with applicable securities laws or with this Award Agreement.

12. Notices. Any notice necessary under this Award Agreement shall be addressed to the Company in care of its General Counsel at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to

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the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

13. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

14. Option Subject to Plan and the LLC Agreement. By entering into this Award Agreement the Participant agrees and acknowledges that a copy of the Plan and the LLC Agreement has been made available to the Participant. The Participant and the Company both acknowledge that the Option granted hereunder and the underlying Common Shares are subject to the Plan and the LLC Agreement. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference; provided that any amendment to the Plan which significantly impairs the Participant's rights under this Agreement shall not to that extent be effective without the written consent of the Participant (or the Participant's estate in the case of his or her death). The terms and provisions of the LLC Agreement may be amended from time to time in accordance with the LLC Agreement and are hereby incorporated herein by reference. Upon the exercise of any Option granted hereunder, the Participant will execute a joinder to the LLC Agreement.

15. Spousal Consent. To the extent the Committee determines such consent is advisable and/or necessary, in connection with and as a condition to the grant of an Award under this Plan, the Committee may require a Participant who is lawfully married to complete a form of spousal consent.

16. Signature in Counterparts. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

17. Personal Information. To enable the Company to issue this Award to the Participant, and administer the Plan and any Award, by entering into this Award Agreement the Participant consents to the holding and processing of personal information provided by the Participant to the Company or any Subsidiary, trustee or third party service provider, for all purposes relating to the operation of the Plan.

18. Compliance with IRC Section 409A

(a) To the extent applicable, this Agreement shall be interpreted and applied consistent and in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and Department of Treasury regulations and other interpretive guidance issued thereunder. If, however, the parties determine that any compensation or benefits payable under this Agreement may be or become subject to Section 409A of the Code, the parties shall cooperate to adopt such amendments to this Agreement or to adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take such other actions, as the parties determine to be necessary or appropriate to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of such compensation and benefits, or (ii) comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments

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and benefits provided under this Agreement comply with Section 409A of the Code, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of noncompliance with Section 409A of the Code.

(b) Notwithstanding anything herein to the contrary, (i) if at the time of the Participant's termination of employment with the Company, the Participant is a "specified employee" as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the date that is six months following the Participant's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code without any accelerated or additional tax) and (ii) if any other payments of money or other benefits due to the Participant hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code; or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that is reasonably expected not to cause such an accelerated or additional tax.

(c) For purposes of Section 409A of the Code, each payment made under this Agreement shall be designated as a "separate payment" within the meaning of the Section 409A of the Code.

(d) To the extent required by Section 409A of the Code, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

**GENERAL MOTORS LLC  
U.S. EXECUTIVE SEVERANCE PROGRAM**

**ARTICLE I  
INTRODUCTION**

General Motors LLC, herein referred to as the “Employer”, previously established the *General Motors LLC U.S. Executive Severance Program* (the “Program”) effective February 2, 2016. The purpose of the Program is to provide for the payment of severance benefits to eligible executive employees of the Employer. This Program is not intended to alter the status of any executive or participant in the Program as an at-will employee, nor is it intended to create a contract of employment between any executive and General Motors LLC.

**ARTICLE II  
AMENDMENT AND RESTATEMENT OF THE PROGRAM**

Effective as of February 1, 2019, General Motors LLC amends and restates the *General Motors LLC U.S. Executive Severance Program*. With respect to any individual who separated from the Employer prior to the effective date of this amended and restated Program, such individual will continue to be bound by the terms of their existing separation arrangement, if any, and such individual will have no right or claim to separation pay under this amended and restated Program. Executives who are eligible for the Program and who are selected to participate in the Program are ineligible for severance benefits provided under any other severance program provided by the Company and its affiliates including the Employer, including the *General Motors 2018 Executive Severance Program* and the *GM Severance Program*.

**ARTICLE III  
DEFINITIONS**

As used herein, the following words and phrases shall have the meanings set forth below unless the context clearly indicates otherwise.

- 3.1 “Benefits Continuation” means the continuation of a Participant’s healthcare coverage in accordance with applicable law.
- 3.2 “Board” means the Board of Directors of the Company.
- 3.3 “Cause” means any of the following:
- (a) The Executive’s commission of, or plea of guilty or no contest to, a felony;
  - (b) The Executive’s gross negligence or willful misconduct that is materially injurious to the Company or any of its Subsidiaries, including but not limited to the Employer; or
-

(c) The Executive's material violation of state or Federal securities law.

3.4 "Change in Control" means the occurrence of any one or more of the following events:

(a) Any Person other than an Excluded Person, directly or indirectly, becomes the "beneficial owner" (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company constituting more than 40 percent of the total combined voting power of the Company's Voting Securities outstanding; *provided* that if such Person becomes the beneficial owner of 40 percent of the total combined voting power of the Company's outstanding Voting Securities as a result of a sale of such securities to such Person by the Company or a repurchase of securities by the Company, such sale or purchase by the Company shall not result in a Change in Control; *provided further*, that if such Person subsequently acquires beneficial ownership of additional Voting Securities of the Company (other than from the Company), such subsequent acquisition shall result in a Change in Control if such Person's beneficial ownership of the Company's Voting Securities immediately following such acquisition exceeds 40 percent of the total combined voting power of the Company's outstanding Voting Securities;

(b) At any time during a period of 24 consecutive months, individuals who at the beginning of such period constituted the Board and any new member of the Board whose election or nomination for election was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was so approved (the "Incumbent Board"), cease for any reason to constitute a majority of members of the Board;

(c) The consummation of a reorganization, merger or consolidation of the Company or any of its Subsidiaries with any other corporation or entity, in each case, unless, immediately following such reorganization, merger or consolidation, more than 60 percent of the combined voting power and total fair market value of then outstanding Voting Securities of the resulting corporation from such reorganization, merger or consolidation is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the outstanding Voting Securities of the Company immediately prior to such reorganization, merger or consolidation in substantially the same proportion as their beneficial ownership of the Voting Securities of the Company immediately prior to such reorganization, merger or consolidation; or

(d) The consummation of any sale, lease, exchange or other transfer to any Person (other than a Subsidiary or affiliate of the Company) of assets of the Company and/or any of its Subsidiaries, in one transaction or

a series of related transactions within a 12-month period, having an aggregate fair market value of more than 50 percent of the fair market value of the Company and its Subsidiaries immediately prior to such transaction(s).

Notwithstanding the foregoing in this Section 3.4, in no event shall a Change in Control be deemed to have occurred (A) as a result of the formation of a Holding Company, (B) if the Executive is part of a “group” within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the date hereof, which consummates the Change in Control transaction, or (C) if the transaction does not constitute a “change in ownership,” “change in effective control,” or “change in the ownership of a substantial portion of the assets” of the Company for purposes of Section 409A of the Code.

3.5 “Change in Control Period” means the 24-month period commencing on the earliest to occur of the following (subject to the final paragraph of Section 3.4):

(a) The date when the occurrence of an event described in Section 3.4 shall be (or should have been) disclosed in a Schedule 13D or an amendment thereto or other such similar or successor form promulgated by the U.S. Securities and Exchange Commission, filed with the U.S. Securities and Exchange Commission;

(b) The first date on which at least a majority of the members of the Incumbent Board described in Section 3.4(c) first cease to constitute at least a majority of the Board; or

(c) The date on which a transaction described in Section 3.4(c) or Section 3.4(d) of this Program closes.

3.6 “Code” means the Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Code shall include any successor provisions thereto.

3.7 “Covered Payments” has the meaning assigned to it in Section 5.4.

3.8 “Company” means General Motors Company, a Delaware corporation.

3.9 “Compensation Committee” means the Executive Compensation Committee of the Board of Directors of the Company, or any similar committee of the Board of Directors of the Company.

3.10 “Disability” means the Executive’s inability to engage in any gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

3.11 “Effective Date” means February 1, 2019, the effective date of the amended and restated Program.

3.12 “Employer” means General Motors LLC.

3.13 “ERISA” means the Employer Retirement Income Security Act of 1974, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in ERISA shall include any successor provisions thereto.

3.14 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Exchange Act shall include any successor provision thereto.

3.15 “Excise Tax” has the meaning assigned to it in Section 5.4.

3.16 “Excluded Person” means (i) the Company, (ii) any of the Company’s Subsidiaries, (iii) any Holding Company, (iv) any employee benefit plan of the Company, any of its Subsidiaries or a Holding Company, or (v) any Person organized, appointed or established by the Company, any of its Subsidiaries or a Holding Company for or pursuant to the terms of any employee benefit plan described in clause (iv).

3.17 “Executive” means a full-time or part-time/flex employee of the Employer classified by the Employer as an Executive, or individuals in such other executive-equivalent classifications as identified by the Employer who are employed by the Employer. Individuals who are classified as “independent contractors”, “leased employees”, “bundled service employees”, “contract employees”, or such other similar classification, are not Executives for purposes of the Program regardless of their status as a common law employee or their reclassification by a court of competent jurisdiction or an administrative agency as such. Only Compensation Committee covered executives are eligible to participate in the Program.

3.18 “Good Reason” means any of the following:

- (a) A material reduction of the Participant’s base salary and target incentive compensation;
- (b) An involuntary relocation of the geographic location of the Participant’s principal place of employment by more than 100 miles; or
- (c) A material diminution of the Participant’s authority, duties, or responsibilities.

In each case, if the Participant desires to terminate his or her employment or service with the Employer for Good Reason, he or she must first give written notice within 90 days of the initial existence of the facts and circumstances providing the basis for Good Reason to the Employer, and allow the Employer 60 days from the date of such notice to rectify the situation giving rise to Good Reason, and in the absence of any such rectification, the Participant, in order to be eligible for payments hereunder, must terminate his or her employment or service for such Good Reason within 120 days after delivery of such written notice.

3.19 “Holding Company” means an entity that becomes a holding company for the Company or its businesses as part of any reorganization, merger, consolidation or other transaction,

provided that the outstanding shares of common stock of such entity and the combined voting power of the then outstanding Voting Securities of such entity are, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Voting Securities of the Company outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding Voting Securities of the Company.

3.20 “Incumbent Board” has the meaning assigned to it in Section 3.4(b).

3.21 “IRS” means the Internal Revenue Service.

3.22 “Participant” means an Executive whose compensation and terms of employment are within the purview of the Compensation Committee who is identified as eligible to participate in the Program in accordance with Article IV.

3.23 “Person” means any individual or entity, including any two or more Persons deemed to be one “person” as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

3.24 “Program” means this *General Motors LLC U.S. Executive Severance Program*.

3.25 “Restrictive Covenant” means a restrictive covenant, such as a non-compete or non-solicitation agreement, entered into between the Company or its Subsidiaries, including the Employer and a Participant as a condition of receipt of Separation Pay under this Program, which such covenant may be included in an applicable Waiver and Release.

3.26 “Separation Pay” means the amount payable to a Participant as a result of Participant’s Termination of Employment as described in Section 5.1.

3.27 “Structure Equity” means regularly scheduled equity grants, such as annual grants, and does not include special, one-time or discretionary equity grants made at the discretion of the Compensation Committee or senior management. For purposes of clarification, annual grants of all of Performance Share Units, Restricted Stock Units and Options under the Long-Term Incentive Plans maintained by the Company constitute Structure Equity.

3.28 “Subsidiary” means an entity of which the Company directly or indirectly holds all or a majority of the value of the outstanding equity interests of such entity or a majority of the voting power with respect to the Voting Securities of such entity.

3.29 “Termination Date” means the last day of the Participant’s active service to the Company and its Subsidiaries, including the Employer.

3.30 “Termination of Employment” means the Participant’s cessation of employment with the Company and its Subsidiaries, including the Employer.

3.31 “Voting Securities” means securities of a Person entitling the holder thereof to vote in the election of the members of the board of directors of such Person or such governing body of such Person performing a similar principal governing function with respect to such Person.

3.32 “Waiver and Release” means a validly executed waiver and release of claims and causes of action for the benefit of the Employer and the Company and its Subsidiaries, including their officers and directors, in the form required by the Employer, the Company or its successors.

**ARTICLE IV**  
**ELIGIBILITY & PARTICIPTION**

4.1 Eligibility and Participation. Executives with one or more years of service who are working in the United States or who are U.S.-based executives working for the Employer outside of the United States (e.g., ISP assignments) are eligible to participate in the Program. In accordance with the terms of this Program, the Company may designate executives either individually or as a class of employees as eligible to receive Separation Pay under the Program.

An Executive will neither be entitled to participate in the Program nor to receive Separation Pay if the Executive is subject to an individual agreement with the Company or its Subsidiaries, including the Employer, that provides for post-employment separation pay or benefits. For purposes of clarification only, participation in Company or Employer-sponsored executive compensation or benefit plans with a severance or change in control provision, such as the General Motors Long-Term Incentive Plan or the General Motors Executive Retirement Plan, by itself will not preclude an Executive from participation in this Program.

4.2 Duration of Participation. Once an Executive becomes a Participant in the Program, subject to the other terms and conditions of the Program, the Executive will remain a Participant in the Program until the first to occur of the following:

- (a) The Executive’s death;
- (b) The Executive’s Termination of Employment due to Disability;
- (c) The Executive’s movement into a position that is excluded from participation in the Program on its own or as a member of a class of employees that is not eligible to participate in the Program, other than following a Change in Control;
- (d) The Executive’s involuntary Termination of Employment by the Employer other than by reason of the Executive’s position elimination resulting from a reduction in force, a reorganization or a staffing reduction or a mutually agreed separation on terms satisfactory to the Employer;
- (e) The Executive’s voluntary Termination of Employment in any case in which there is not a Change in Control;
- (f) The Executive’s voluntary Termination of Employment without Good Reason following a change in control;



- (g) The Executive's involuntary Termination of Employment by the Employer for Cause;
- (h) The Executive's exclusion from participation in the Program by the Company in accordance with the terms of the Program; or
- (i) The termination of the Program.

Subject to Sections 4.3 and 5.6 and the terms of an applicable Waiver and Release, the Company will not take action to reduce or eliminate Separation Pay once a Participant has been separated under this Program and becomes eligible for or commences receipt of Separation Pay, without the Participant's written consent. In no event will any Participant in the Program during the six-month period prior to the occurrence of a Change in Control be eliminated from participation during that period unless the Employer reasonably demonstrates that the elimination (a) was not at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in connection with the Employer's ordinary operation of its business and without regard to the Change in Control which was threatened or proposed. Other than in the event of the Participant's voluntary Termination of Employment other than for Good Reason following a Change in Control, no Participant in the Program on the day immediately prior to the occurrence of a Change in Control can be eliminated from participation in the Program during the 24-month period commencing on the date of the Change in Control without the Participant's consent.

4.3 Employees Offered Other Comparable Employment. If leadership extends continuing employment opportunities with the Company or its Subsidiaries, including the Employer, to a Participant who is eligible for Separation Pay under Section 5.1.1 at the same or at a comparable employment grade or level and at a level of compensation and benefits that are substantially similar in the aggregate to those provided in the Participant's prior role, the Participant is expected to accept such offer of employment. Failure to accept such offer of employment will result in the affected Participant being ineligible for any further Separation Pay under this Program.

**ARTICLE V**  
**SEPARATION BENEFITS**

A Participant may be eligible for the Separation Pay and benefits described herein in the event of the Participant's Termination of Employment under certain circumstances, including as a result of a Change in Control.

5.1 Separation Pay.

5.1.1 Position Elimination and Mutually Agreed Separations Other than Following a Change in Control. If the Participant's employment is involuntarily terminated by the Employer due to the elimination of the Participant's role with the Employer as a result of a reduction in force, a reorganization or a staffing reduction, or if the Employer and the Participant mutually agree to the Participant's Termination of Employment on terms satisfactory to the Employer, the Employer shall pay to the Participant in accordance with Section 5.3, a single payment in cash equal to (1) the specified multiple below times the Participant's annual base salary, plus (2) the specified multiple below times the Participant's annual target bonus amount, plus (3) the specified healthcare equivalent payment multiple below times the COBRA cost for the coverage level as most recently in effect for the Participant. The Employer shall also pay the Equity Equivalent amount identified below at or as soon as practicable following the time that the applicable equity vesting would occur had the Participant remained employed by the Employer during the 12 months following the Termination Date. The Participant will also receive 12 months of outplacement assistance. If a Participant's Termination of Employment occurs under the circumstances described in this paragraph in March or April of a particular year, the Employer shall pay to the Participant in accordance with Section 5.3, a single payment in cash equal to (1) the specified multiple below times the Participant's annual base salary, and (2) the specified healthcare equivalent multiple below times the COBRA cost for the coverage level as most recently in effect for the Participant. In the situation described in the preceding sentence, the Participant will receive neither the annual target bonus amount nor the Equity Equivalent amount identified below for equity vesting within the 12 months following the Termination Date.

<b>Level</b>	<b>Base Salary Multiple</b>	<b>STIP Target Multiple</b>	<b>Healthcare Equivalent Payment Multiple</b>	<b>Equity Equivalent</b>
<u>CEO</u>	2X	1X	24 Months	Cash equivalent of Structure Equity vesting within the 12 months following Termination of Employment
<u>SVP&amp; Above</u>	1.5X	1X	18 Months	

5.1.2 Termination During the Change in Control Period. With respect to any Participant, if, during the Change in Control Period, the Participant's employment is terminated by the Company (or its successor) or its Subsidiaries, including the Employer for any reason other than Cause, or if the Participant voluntarily terminates their employment for Good Reason, the Employer shall pay to the Participant in accordance with Section 5.3(e), a single payment in cash equal to (1) the specified multiple below times the Participant's annual base salary, plus (2) the specified multiple below times the Participant's annual target bonus amount, plus (3) the specified healthcare equivalent payment multiple below times the COBRA cost for the coverage level as most recently in effect for the Participant.

<b>Level</b>	<b>Base Salary Multiple</b>	<b>STIP Target Multiple</b>	<b>Healthcare Equivalent Payment Multiple</b>
<u>CEO</u>	2X	1X	24 Months
<u>SVP&amp; Above</u>	1.5X	1X	18 Months

5.1.3 Termination Prior to a Change in Control. With respect to any Participant, if the Participant's employment is terminated by the Employer without Cause during the six-month period immediately prior to the date of a Change in Control, and the Participant is not otherwise eligible for Separation Pay under Section 5.1.1 or did not otherwise enter into an agreement with the Employer providing for the payment of separation pay following Termination of Employment, the Participant shall be entitled to the same Separation Pay as the Participant would have received pursuant to Section 5.1.2 above had such termination occurred during the Change in Control Period, unless the Employer reasonably demonstrates that the termination (a) was not at the request of a third party who indicated an intention or who had taken steps reasonably calculated to effect a Change in Control, or (b) otherwise arose in connection with the Employer's ordinary operation of its business and without regard to the Change in Control which was threatened or proposed.

5.2 Benefits Continuation. At the time of a Participant's Termination of Employment, the Participant shall be eligible to enroll in healthcare continuation coverage in accordance with COBRA, or other applicable equivalent, and provision of Separation Pay attributable to the healthcare equivalent payment multiple will not impact the Participant's eligibility to enroll in healthcare continuation coverage.

5.3 Separation Pay Conditions. The receipt of payments as set forth under Sections 5.1.1, 5.1.2 and Section 5.1.3 above is subject to the following conditions:

- (a) In exchange for the Separation Pay described herein, Participant shall be required to execute and deliver to Employer a Waiver and Release, unless such

requirement is waived by the Company or its Subsidiaries, including the Employer. The Employer shall provide a form for such Waiver and Release to the Participant within 30 days following the Termination Date.

(b) The Participant shall remain in compliance with all Restrictive Covenants required of Participant as a condition of receipt of Separation Pay.

(c) The Participant's Termination of Employment under this Agreement constitutes a "separation from service" within the meaning of Section 409A of the Code with the Employer and all persons with whom the Employer would be considered a single employer under Sections 414(b) and (c) of the Code.

(d) If the Participant is a "specified employee" (within the meaning of Section 409A of the Code and the Treasury Regulations promulgated thereunder and as determined under the Employer's policy for determining specified employees) on the Participant's Termination Date, and the Participant is entitled to a payment under this Program that is required to be delayed pursuant to Section 409A(a)(2)(B)(i) of the Code, then such payment, shall not be paid or provided (or begin to be paid or provided) until the first business day of the seventh month following the Participant's Termination Date in the case of a termination covered by Section 5.1. or Section 5.1.2, or the first business day of the seventh month following the Change in Control in the case of a termination covered by Section 5.1.3.

(e) Payment of amounts owing under this Agreement shall commence or be made on the following dates (or if not a business day, on the business day immediately following): (i) if the Participant is a "specified employee" as described in Section 5.3(d), on the date specified in Section 5.3(d); (ii) if the Participant is not a specified employee, and the Employer has requested a Waiver and Release, within 60 days following the date such Waiver and Release is effective as provided in Section 5.3(a) or the later Termination Date; and (iii) if the Participant is not a specified employee and the Employer has not requested a Waiver and Release, on or around the 60<sup>th</sup> day following the Termination Date, in the case of a payment due under Section 5.1.1 or 5.1.2, or on or around the 60<sup>th</sup> day following the effective date of the Change in Control, in the case of a payment due under Section 5.1.3. For Participants who are terminated under Section 5.3(e)(ii) above on and after November 15 of a particular year and for Participants who are terminated under Section 5.3(e)(iii) above on and after November 1 of a particular year, payment will be made at the latter of the second pay period in January or as soon as practicable following the date of the expiration of the review and revocation period under an applicable Waiver and Release, but in no event later than March 15 of the year following the year in which such termination occurred.

5.4 Payments Treated as Parachute Payments. Notwithstanding any other provision of this Program or any other plan, arrangement or agreement to the contrary, if any of the payments provided or to be provided by the Employer or its affiliates to the Participant or for the Participant's benefit pursuant to the terms of this Program or otherwise ("Covered Payments") are determined

to be parachute payments within the meaning of Section 280G of the Code, with the effect that Participant is or would be liable for the payment of the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the “Excise Tax”), then the Compensation Committee shall determine the appropriate treatment of payments under this Program in its sole discretion consistent with the requirements of Section 409A of the Code that produces the most advantageous economic outcome for the Participant, and its determination shall be final and binding on the Participant. The Employer shall provide detailed supporting calculations to the Participant not later than 60 days following to the Termination Date, in the case of payments due under Section 5.1.1 or Section 5.1.2, or 60 days following the effective date of the Change in Control, in the case of payments due under Section 5.1.3.

5.5 Additional Payments Following a Reduction. If the Participant is required by the IRS or another agency to make a payment or payments of Excise Tax with respect to such Covered Payments, the Participant shall remain solely responsible for such payment and the Employer shall bear no responsibility for such Excise Tax.

5.6 No Mitigation Other than Re-Employment. Subject to Section 4.3 above, the Participant shall not be required to mitigate the amount of any payment provided for in this Program by seeking other employment or otherwise and no payment hereunder shall be offset or reduced by the amount of any compensation provided to the Participant in any subsequent employment. However, if a Participant commences re-employment with the Employer following a Termination of Employment described in Section 5.1.1, and continues to be eligible for Separation Pay in accordance with Section 5.1.1, the portion of Separation Pay attributable to the base salary multiple, short-term incentive plan target multiple, and healthcare equivalent payment multiple will cease upon Participant’s reemployment and Participant will be required to repay a prorated portion of Separation Pay based on the ratio of the number of days remaining in the 12-month period commencing on Participant’s Termination Date to 365. For example, a Participant who is re-employed following 200 days of separation will be required to repay 45.2% (165/365) of the applicable Separation Pay received.

5.7 Exclusion from Annual and Long-Term Incentive Program Resulting from Separation Agreement. A Termination of Employment resulting in a Participant’s receipt of Separation Pay under Sections 5.1.1, 5.1.2 or 5.1.3 of the Program constitutes a “termination of service pursuant to an approved separation agreement” for purposes of the General Motors Short-Term Incentive Plan. In no case is a Participant eligible to receive Separation Pay under Sections 5.1.1, 5.1.2 or 5.1.3 of the Program and payment of a full-year or part-year annual incentive payment. With respect to the General Motors Long-Term Incentive Plan, a Termination of Employment resulting in a Participant’s receipt of Separation Pay under Section 5.1.1 of the Program constitutes a “termination of service pursuant to an approved separation agreement”. A Termination of Employment under Section 5.1.2 or 5.1.3 that results in the receipt of Separation Pay shall not constitute a “termination of service pursuant to an approved separation agreement” under the General Motors Long-Term Incentive Plan.

## ARTICLE VI

## **SUCCESOR TO COMPANY**

This Program shall inure to the benefit of and be binding upon the Company and its successors. The Company shall require any corporation, entity, individual or other person who is the successor (whether directly or indirectly by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all the business and/or assets of the Company, to expressly assume and agree to perform, by a written agreement in form and in substance satisfactory to the Company, all of the obligations of the Company and the Employer under this Program.

## **ARTICLE VII** **DURATION, AMENDMENT AND TERMINATION**

7.1 **Duration.** This Program shall remain in effect until the date that is three years from the Effective Date; provided that upon each annual anniversary of the Effective Date (the “Renewal Date”), the Program shall extend for an additional year, unless pursuant to a resolution adopted by the Compensation Committee prior to the Renewal Date, the Company determines not to extend the term of the Program. If a Change in Control occurs while this Program is in effect, the Program shall continue in full force and effect for a period of at least two years following such Change in Control, and shall not expire until after all Participants who have become entitled to any payments or benefits hereunder have received such payments and benefits in full.

7.2 **Amendment or Termination.** The Company reserves the right to amend, modify, suspend or terminate the Program at any time by action of its Compensation Committee. No amendment, modification, suspension or termination that has the effect of reducing or diminishing the rights of a Participant who is receiving Separation Pay under the Program shall be effective without the written consent of the Participant. No amendment, modification, suspension or termination that has the effect of reducing or diminishing the right of any Participant shall be effective without the written consent of such Participant for a period of two years following a Change in Control. Any amendment, modification, suspension or termination of this Program adopted after a Change in Control or in anticipation of a Change in Control shall not affect the right of any Participant to payments or benefits to be paid or provided as a result of events that occur prior to the second anniversary of the Change in Control.

7.3 **Procedure for Extension, Amendment or Termination.** Any extension, amendment or termination of the Program by the Compensation Committee in accordance with this Article VII shall be made by action of the Compensation Committee in accordance with the Company’s Charter and By-laws, any applicable delegation of authority and applicable law.

## **ARTICLE VIII** **MISCELLANEOUS**

8 . 1 **Program Administration.** This Program shall be administered by the Compensation Committee or a delegate duly appointed by the Compensation Committee, provided that in the event of an impending Change in Control, the Compensation Committee may appoint a person or persons independent of the third-party effectuating the Change in Control to act in place of the Compensation Committee effective upon the occurrence of the Change in Control (the “CIC Committee”), and

the CIC Committee shall not be removed or modified following the Change in Control, other than at its own initiative. The Compensation Committee retains the sole authority to interpret the provisions of the Program, either directly or through action of its delegate, and any interpretation of the Compensation Committee or its delegate regarding the terms of the Program or their application to one or more Participants is final and binding on all parties. The Compensation Committee, in its sole discretion, may take action or cause its delegate to take action that it deems appropriate to administer the Program as intended, including equal treatment of similarly situated Participants and other similarly situated officers and executives of the Company. The Compensation Committee or its delegate may establish administrative rules and procedures regarding the operation of the Program.

8.2 Determination of Participating Executives. Any clarifications or determinations regarding the eligibility of an Executive to participate in the Program shall be made by the Compensation Committee with respect to Compensation Committee covered executives.

8.3 Conditions Precedent and Recoupment. As a condition precedent to the payment of all or any portion of Separation Pay, each Participant shall (a) refrain from engaging in any activity which will cause damage to the Company and its Subsidiaries, including the Employer, or is in any manner inimical or in any way contrary to the best interests of such entities, as determined in the sole discretion of the Compensation Committee with respect to the Chief Executive Officer, and the Company's Chief Executive Officer or chief human resources officer (or such individuals holding a comparable role in the event of a restructuring of positions or re-designation of titles) with respect to all other Participants; and (b) furnish to the Employer such information with respect to the satisfaction of the foregoing condition precedent as the Employer may reasonably request. The failure by any Participant to satisfy any of the foregoing conditions precedent shall result in the immediate cancellation of any unpaid portion of the Separation Pay, and such Participant will not be entitled to receive any consideration with respect to such cancellation. Notwithstanding anything to the contrary in this Program, payments made under the Program may be subject to any recoupment, recovery or claw-back policy (including any recoupment policy relating to performance-based compensation adopted by the Board) as in effect or that was binding on the Executive immediately prior to a Change in Control Period.

8.4 Notices. All notices and other communications required or permitted to be given or delivered under this Program to the Employer or to the Executive, which notices or communications must be in writing, shall be deemed to have been given if delivered by hand, or by nationally recognized overnight courier service (with confirmation of delivery) or delivered by e-mail of a PDF document (with confirmation of receipt) addressed as follows:

If to the Employer, to:

Chief Human Resources Officer  
General Motors LLC  
c/o General Motors Company  
300 Renaissance Center  
Detroit, Michigan 48243  
Attention: Global Director Executive Compensation

E-mail:

With a copy to:

General Counsel  
General Motors Company  
300 Renaissance Center  
Detroit, Michigan 48243  
E-mail:

If to the Executive, to the address most recently on file with the Employer.

The Employer or the Executive may, by notice given to the other from time to time, designate a different address for the giving of notices or other communications required or permitted to be given to the party designating such new address.

8.5 Withholding. Any payment required or permitted to be made or given to a Participant pursuant to this Program shall be subject to the withholding and other requirements of applicable laws, and to the deduction requirements of any benefit plan maintained by the Employer in which the Participant is a participant, and to all reporting, filing and other requirements in respect of such payments, and the Employer shall promptly satisfy all such requirements.

8.6 Governing Law. This Program shall be governed by the laws of the State of Delaware, without application of the conflicts of law provisions thereof.

8.7 Captions. The captions contained in this Program are included only for convenience of reference and do not define, limit, explain or modify this Program or its interpretation, construction or meaning.

8.8 Severability. If any provision of this Program or the application of any provision to any person or any circumstances shall be determined to be invalid or unenforceable, then such determination shall not affect any other provision of this Program or the application of said provision to any other person or circumstance, all of which other provisions shall remain in full force and effect. It is the intention of the Employer that if any provision of this Program is susceptible of two or more constructions, one of which would render the provision enforceable and other or others of which would render the provision unenforceable, then the provision shall have the meaning which renders it enforceable.

8.9 Number and Gender. When used in this Program, the number and gender of each pronoun shall be construed to be such number and gender as the context, circumstances or its antecedent may require.

8.10 Effect on Other Plans, Agreements and Benefits. Except to the extent expressly set forth herein, any benefit or compensation to which a Participant is or may be entitled under any agreement between the Participant and the Company and its Subsidiaries, including the Employer, or any plan, program or arrangement maintained by such entity in which Participant participates or



participated shall not be modified or lessened in any way by operation of the Program, but shall be payable in accordance with the terms of the applicable plan, program or arrangement. Nothing in this Program is intended to guarantee that the benefit levels or costs will remain unchanged in the future under any plan, program or arrangement of the Company and its Subsidiaries, including the Employer, and the applicable plan sponsor reserves the right to amend, modify, suspend, terminate or discontinue any other plan, program or arrangement maintained by such plan sponsor in accordance with the terms of that plan, program or arrangement. Notwithstanding the foregoing, including the eligibility provisions of Section 4.1, a Participant's eligibility for severance under this Program is mutually exclusive with severance available to the Participant through any plan, program, or arrangement between the Participant or the Company or its Subsidiaries and the Participant, or pursuant to local statute. If a Participant is entitled to severance under this Program and any other arrangement between the Participant and the Employer or the Company or its Subsidiaries, or pursuant to the application of local statute, and the Participant is not otherwise excluded from participation in this Program pursuant to Section 4.1, or otherwise, the Participant will receive the greater of the severance under this Program or the other applicable severance. Any severance to which Participant becomes entitled will first be paid under this Program upon the requirement that Participant waive their claim to the other severance; provided, however, that if Participant's entitlement to such other severance cannot be waived, the amount of Separation Pay hereunder will be offset by the amount of such other required severance, but not below zero. Upon the Participant's Termination of Employment resulting in Separation Pay in accordance with Section 5.1.2 or Section 5.1.3, all non-competition arrangements applicable to a Participant, either pursuant to a Restrictive Covenant or otherwise, shall no longer apply to the Participant, and the Employer (or its successor) shall enter into a written agreement with the terminated Participant evidencing this point. For purposes of clarification, non-solicitation, non-disclosure, confidentiality and other provisions of applicable restrictive covenants will continue to apply to the Participant.

8.11 Section 409A of the Code. It is intended that any amounts payable under this Program shall comply with the provisions of Section 409A of the Code and the Treasury Regulations promulgated thereunder, to the extent applicable, and this Program will be interpreted, administered and operated accordingly. Any payments (including reimbursements) under this Program that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Neither the Employer nor the Compensation Committee or the Board shall have any liability to the Executive with respect to any failure to comply with the requirements of Section 409A of the Code.

8.12 Application of ERISA. The Program is intended to be an ERISA welfare benefit plan, and this Program document is intended to constitute the plan document and the summary plan description for the Program.

8.13 Claims for Benefits. If you are a Participant in the Program and become eligible to receive Separation Pay under the Program, you will receive the amounts set forth under Section 5 of the Program for which you are entitled, provided you otherwise satisfy the conditions of the Program for the receipt of such Separation Pay. If you feel you have not been provided with all benefits to which you are entitled under the Program, you may file a written claim with the Global

Director of Executive Compensation, who is the “Claims Administrator”, with respect to your rights to receive benefits from the Program. You will be informed of the Claims Administrator's decision with respect to your claim within 90 days after it is filed. Under special circumstances, the Claims Administrator may require an additional period of not more than 90 days to review your claim. If this occurs, you will be notified in writing as to the length of the extension, the reason for the extension, and any other information needed in order to process your claim.

If your claim is denied, in whole or in part, you will be notified in writing of the specific reason for the denial, the exact Program provision on which the decision was based, what additional material or information is relevant to your claim, and what procedure you should follow to get your claim reviewed again. If you are not notified within the 90-day (or 180-day, if so extended) period, you may consider your claim to be denied. In either case, you then have 60 days to appeal the decision to the Senior Vice President of Human Resources, who is the “Appeal Administrator”.

Your appeal must be submitted in writing. You may submit a written statement of issues and comments. A decision as to your appeal will be made within 60 days after the appeal is received. Under special circumstances, the Appeal Administrator may require an additional period of not more than 60 days to review your appeal. If this occurs, you will be notified in writing as to the length of the extension, not to exceed 120 days from the day on which your appeal was received.

If your appeal is denied, in whole or in part, you will be notified in writing of the specific reason for the denial and the exact Program provision on which the decision was based. The decision on your appeal will be final and binding on all parties and persons affected thereby. If you are not notified within the 60-day (or 120-day, if extended) period you may consider your appeal as denied.

**GM CRUISE HOLDINGS LLC  
SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT**

Dated October 3, 2018

THE SHARES REPRESENTED BY THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH SHARES MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR AN EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

CERTAIN OF THE SHARES REPRESENTED BY THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS SET FORTH IN ANY SHARE GRANT, SHARE PURCHASE OR OTHER SIMILAR AGREEMENT BETWEEN THE COMPANY AND CERTAIN PURCHASERS OR HOLDERS OF SHARES.

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**GM CRUISE HOLDINGS LLC  
SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY  
AGREEMENT**

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT for GM Cruise Holdings LLC (the “**Company**”), dated as of October 3, 2018, is entered into by and among the Company, General Motors Holdings LLC, a Delaware limited liability company (“**GM**”), SB Investment Holdings (UK) Limited (“**SoftBank**”), Honda Motor Co., Ltd., a Japanese company (“**Honda**”), and any and all Persons who are Members as of the date hereof or who hereafter become Members. Certain capitalized terms used herein are defined in Appendix I.

RECITALS

A. The Company was formed as a Delaware limited liability company effective on May 23, 2018 by the filing of a Certificate of Formation with the Delaware Secretary of State.

B. On May 23, 2018, GM, the initial and sole member of the Company, entered into a Limited Liability Company Agreement of the Company (the “**Original Agreement**”).

C. On May 24, 2018, GM made an election under Treasury Regulations Section 301.7701-3 to treat the Company as a corporation for U.S. federal income tax purposes, effective as of May 23, 2018.

D. On June 28, 2018 (the “**Original Closing Date**”), GM, SoftBank and the Company amended and restated the Original Agreement (as amended and restated, the “**First A&R Agreement**”).

E. On October 3, 2018, the Company and Honda, entered into that certain Purchase Agreement (the “**Honda Purchase Agreement**”), pursuant to which the Company agreed to issue, concurrently with the execution of this Agreement, certain Shares to Honda in exchange for the Honda Commitment on and subject to the terms and conditions therein.

F. For U.S. federal income tax purposes, the GM Commitment and the SoftBank Commitment, taken together, were intended to qualify as a contribution under Section 351(a) of the Code.

G. Immediately following the contributions of property and issuance of Shares contemplated by the GM Commitment and the SoftBank Commitment, GM owned, and immediately following the contributions of property and issuance of Shares contemplated by the Honda Commitment, GM shall continue to own, an amount of Equity Securities that (i) constitutes “control” within the meaning of Section 368(c) of the Code and the Treasury Regulations thereunder and (ii) allows the Company to be a member of the GM Affiliated Group under Section 1504 of the Code.

H. GM, SoftBank, Honda and the Company desire to amend and restate the First A&R Agreement and to enter into this Agreement to set forth, among other things, the rights and obligations of the Members.



## A G R E E M E N T S

NOW THEREFORE, in consideration of the mutual promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the First A&R Agreement is hereby amended and restated in its entirety as follows:

### **ARTICLE I** **ORGANIZATIONAL MATTERS AND CERTAIN DEFINITIONS**

**1.01      Organization of Company.** The Company was formed as a limited liability company on May 23, 2018.

**1.02      Legal Status.** The Company is a limited liability company organized and existing under the Delaware Limited Liability Company Act (the “**Act**”). The Members shall take such steps as are necessary to permit the Company to conduct business, to maintain its status as a limited liability company formed under the laws of the State of Delaware and qualified to conduct business in any jurisdiction where the Company does so.

**1.03      Name.** The name of the Company shall be “GM Cruise Holdings LLC” or such other name as the Board of Directors shall, from time to time, hereafter designate.

**1.04      Registered Office and Registered Agent; Principal Office**

(a)      The address of the registered office of the Company in the State of Delaware shall be c/o Corporation Service Company, 251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808, and the initial registered agent for service of process on the Company in the State of Delaware at such registered office shall be Corporation Service Company. The Board of Directors may, in its discretion, change the registered office and/or registered agent from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of the State of Delaware pursuant to the Act.

(b)      The principal office of the Company shall be located at such place (whether inside or outside the State of Delaware) as the Board of Directors may from time to time designate. The Company may have such other offices (whether inside or outside the State of Delaware) as the Board of Directors may from time to time designate.

**1.05      Purpose.** The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is to, engage in any lawful act or activity for which limited liability companies may be formed under the Act, including carrying on the AVCo Business. The Company shall have the power and authority to take any and all actions that are necessary, appropriate, advisable, convenient or incidental to, or for the furtherance of, the purposes set forth in this Section 1.05.

**1.06      Term.** Unless terminated in accordance with Article X, the existence of the Company shall be perpetual.

**1.07** **Certain Definitions.** Certain capitalized terms used in this Agreement are defined in Appendix I hereto.

**1.08** **No State-Law Partnership.** The Members intend that the Company not be a partnership (including a limited partnership), and that no Member or Assignee be a partner of any other Member or Assignee by virtue of this Agreement for any purposes, and neither this Agreement nor any other document entered into by the Company or any Member or Assignee relating to the subject matter hereof shall be construed to suggest otherwise.

**1.09** **Limited Liability Company Agreement.** The Members hereby execute this Agreement to conduct the affairs and the business of the Company in accordance with the provisions of the Act. The Members hereby agree that, during the term of the Company set forth in Section 1.06, the rights, powers and obligations of the Members and Assignees with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Act; provided, that to the fullest extent permitted by the Act, the terms of this Agreement shall control and, notwithstanding anything to the contrary, Section 18-210 of the Act (entitled "Contractual Appraisal Rights") and Section 18-305(a) of the Act (entitled "Access to and Confidentiality of Information; Records") shall not apply or be incorporated into this Agreement. This Agreement hereby supersedes and preempts the First A&R Agreement in all respects, and the First A&R Agreement shall hereafter be null and void.

## **ARTICLE II**

### **CAPITAL CONTRIBUTIONS; ISSUANCES OF SHARES**

#### **2.01** **Shares Generally.**

(a) All interests of the Members in Distributions and other amounts specified in this Agreement, as well as the rights of the Members to vote on, consent to or approve any matter for which a vote of Members is required under this Agreement or the Act, shall be denominated in shares of membership interests in the Company (each a "**Share**" and collectively, the "**Shares**"), and the relative rights, privileges, preferences and obligations of the Members with respect to Shares shall be determined under this Agreement to the extent provided herein. As of the date of this Agreement, the classes of Shares that the Company is authorized to issue are as follows: "**Class A-1-A Preferred Shares**", "**Class A-1-B Preferred Shares**" (collectively with the Class A-1-A Preferred Shares, the "**Class A-1 Preferred Shares**"), "**Class A-2 Preferred Shares**", "**Class B Common Shares**", "**Class C Common Shares**", "**Class D Common Shares**" and "**Class E Common Shares**". Subject to the limitations (in each case to the extent applicable) set forth in Section 2.02, Section 2.07 and Section 6.13, the Company may, from time to time following the date of this Agreement, create and issue other classes and series of Shares or Equity Securities. Subject to approval by the Board of Directors, the Company is hereby authorized to issue an unlimited number of Class A-1-A Preferred Shares, Class A-1-B Preferred Shares, Class A-2 Preferred Shares, Class B Common Shares, Class C Common Shares, Class D Common Shares, Class E Common Shares and any new class or series of Shares or Equity Securities in the Company. The Company may issue fractional Shares, and all Shares shall be rounded to the nearest fourth decimal place. Ownership of a Share (or a fraction thereof) shall not entitle a Member to call for a partition or division of any property of the Company or for any accounting.

(b) The Members, their respective Commitments and Capital Contributions and their respective classes and numbers of Shares issued, sold, granted or Transferred to them shall be set forth on a ledger maintained by the Company (the “**Members Schedule**”), as the same may be amended and restated from time to time in accordance with the provisions of this Agreement. Absent manifest error, the ownership interests recorded on the Members Schedule shall be a conclusive record of the Shares that are issued and outstanding.

(c) A partial copy of the Members Schedule as of the date of the First A&R Agreement showing only the aggregate number of each class of Shares held by the Members as at such time (but not any identifying information about the Persons holding any Shares) was provided to SVF prior to the execution of the SoftBank Purchase Agreement and a partial copy of the Members Schedule as of the date of this Agreement showing only the aggregate number of each class of Shares held by the Members (but not any identifying information about the Persons holding any Shares) was provided to Honda prior to the execution of the Honda Purchase Agreement. Any amendment or revision to the Members Schedule made to reflect an action taken in accordance with this Agreement shall not be deemed an amendment to this Agreement. A current copy of the Members Schedule shall be held in confidence by the Company and maintained in a separate file conspicuously marked as confidential. A redacted version of the Members Schedule shall be made available to any Member at the request of such Member, which such redacted version will show only the Shares held by such Member and the aggregate number of issued and outstanding Shares held by other Members (and not, for clarity, any other identifying information about any other Person holding Shares). Notwithstanding the foregoing, each of the GM Investor, SoftBank and Honda shall be entitled to request a full and complete unredacted copy of the Members Schedule from time to time.

## **2.02 Class A Preferred Shares; Class C Common Shares.**

(a) Pursuant to the SoftBank Purchase Agreement, and subject to the terms and conditions thereof, SoftBank made Capital Contributions totaling \$900,000,000 in the aggregate (the “**SoftBank Commitment**”), pursuant to which the Company has issued to SoftBank 900,000 Class A-1-A Preferred Shares.

(b)

(i) At any time that the Company determines, acting in good faith, that it is reasonably likely to be ready to commercially deploy vehicles in fully driverless operation (the date of readiness for such initial deployment, the “**Commercial Deployment**”) within the following one hundred twenty (120) day period, the Company shall be entitled to deliver written notice of such determination to SoftBank (it being understood that delivery of such written notice (or failure to deliver such written notice) shall not be binding in any respect and the failure of Commercial Deployment to occur on such timetable shall not constitute a breach of this Agreement by any Member or the Company). Following delivery of any such written notification, the Company and SoftBank (each acting reasonably and in good faith) will cooperate to identify and mutually agree upon, as promptly as reasonably practicable, whether any approvals, consents, registrations, permits or authorizations (or the expiration of any waiting periods) are required under the HSR Act or any comparable laws in any foreign jurisdiction (the “**A-1-B Antitrust Approvals**”) in connection with the issuance of Class A-1-B Preferred Shares pursuant to Section 2.02(c).

(ii) If any A-1-B Antitrust Approvals are identified and agreed pursuant to Section 2.02(b)(i) then each Class A-1 Preferred Member and each Class A-2 Preferred Member will (and will cause its Affiliates to) (A) make (as promptly as reasonably practicable) such notifications, registrations and filings necessary or advisable in connection with obtaining the A-1-B Antitrust Approvals and (B) without limiting the foregoing, use its reasonable best efforts to obtain (as promptly as reasonably practicable) the A-1-B Antitrust Approvals. If the A-1-B Antitrust Approvals are not obtained (or, as applicable, any waiting period has not expired or early termination of any waiting period has not been granted) prior to end of the Payment Period, then the Payment Period will be extended until such A-1-B Antitrust Approvals are obtained or until the waiting periods with respect to such A-1-B Antitrust Approvals have expired or been terminated (as applicable); provided that, in order to obtain such A-1-B Antitrust Approvals, (1) none of GM nor any of its Subsidiaries or other Affiliates shall be required to offer or commit to hold separate, sell, divest or dispose, or suffer any restriction on the operation, of any assets, properties or businesses of GM Parent or any of its Subsidiaries or other Affiliates (including the Company), and (2) none of SoftBank nor any of its Subsidiaries or other Affiliates shall be required to offer or commit to hold separate, sell, divest or dispose, or suffer any restriction on the operation, management, or governance of, any assets, properties or businesses of SoftBank or any portfolio companies (as such term is commonly understood in the private equity industry) of SoftBank or its Subsidiaries or Affiliates or, with the sole exception of the Company, any companies in which SoftBank or any of SoftBank's Subsidiaries or other Affiliates hold a minority equity position.

(c)

(i) Within three (3) Business Days of the date on which Commercial Deployment has occurred, the Company will provide written notice to SoftBank and the GM Investor of the same (such notice, the "**CD Notice**"). Subject to the satisfaction of the Second Tranche Conditions, within fifty (50) days (or such shorter period contemplated by the immediately following sentence) of the delivery of the CD Notice (such applicable period, the "**Payment Period**"), SoftBank will purchase and acquire from the Company, and the Company will issue, sell and deliver to SoftBank, a number of Class A-1-B Preferred Shares equal to \$1,350,000,000 (the "**Subsequent SoftBank Commitment**") divided by the Class A-1-B Preferred Capital Value, in consideration for payment by SoftBank in full of such amount paid by wire transfer of immediately available funds to an account designated by the Company and free and clear of any withholding. If GM, prior to the date that Commercial Deployment occurs, confirms (by way of a binding and irrevocable written notice to SoftBank (the "**Advance Notice**")) the definitive date on which Commercial Deployment will occur, then the Payment Period will be reduced by the aggregate number of days between the date the Advance Notice is delivered to SoftBank in accordance with the terms of this Agreement and the date of Commercial Deployment; provided, that in no event will the Payment Period be reduced to fewer than twenty five (25) days following the date on which Commercial Deployment occurs.

(ii) If the Second Tranche Conditions have been satisfied but the Subsequent SoftBank Commitment is not fully paid by start of the Business Day following the final day of the Payment Period, then, automatically and without any further action by the Company or any Member (and without any recourse by any Member): (A) the provisions of Section 6.13(a)

through 6.13(d) will be suspended and cease to apply for such time as any amount of the Subsequent SoftBank Commitment is due and payable but remains unpaid, (B) the Class A-1 Preferred Return will cease to accrue on each Class A-1 Preferred Share (with, subject to the immediately following proviso, no catch-up right or right to be made whole if the Subsequent SoftBank Commitment is later paid in full; provided, that if the Subsequent SoftBank Commitment is paid in full within fifteen (15) days of the final day of the Payment Period (such fifteen (15) day period, the “**Cure Period**”), each Class A-1 Preferred Share will be entitled to the Class A-1 Preferred Return accrued during the period beginning on the final day of the Payment Period and ending on the date that the Subsequent SoftBank Commitment is fully paid), and (C) in the event that the Subsequent SoftBank Commitment is not paid in full by the end of the Cure Period, the amendments to this Agreement contemplated by Sections 2.02(d)(i) and Section 2.02(d)(ii) will apply and become effective from and after the final day of the Cure Period.

(iii) The remedies provided for in Section 2.02(c)(ii) are in addition to, and not in limitation of, any other right of the Company or any other Member provided by law, this Agreement or any other agreement entered into by or among any one or more of the Members (or their Affiliates) or the Company (including any rights arising as a result of or in connection with a breach by SVF, SVFA or SoftBank of their obligations under Section 5.1 of the SoftBank Purchase Agreement). Each Member further acknowledges that any actions taken or not taken by the Company pursuant to Section 2.02(c)(ii) shall not constitute a breach of this Agreement or any other duty stated or implied in law or equity to any Member.

(d) If the SoftBank CFIUS Condition has not been satisfied prior to the occurrence of Commercial Deployment, then (without prejudice to the rights of GM or the Company arising as a result of or in connection with any breach by SVF, SVFA or SoftBank of their obligations under Section 5.1 of the SoftBank Purchase Agreement) upon the occurrence of Commercial Deployment, automatically and without any further action by the Company or any Member (and without any recourse by any Member):

(i) the Class A-1 Preferred Return will (effective on and after the date of Commercial Deployment) be permanently reduced from a rate of seven percent (7%) per annum to a rate of three and a half percent (3.5%) per annum;

(ii) the denominator in the definition of A-1-A Preferred Share Conversion Ratio will be permanently increased from \$1,000 to \$1,600;

(iii) the conversion ratio for the Class A-2 Preferred Shares pursuant to Section 2.11(a), Section 9.07(a)(i), Section 9.10(a), clause (ii) of the definition of “Control Period”, the definition of “SoftBank Floor Amount”, clause (i) of the definition of “Optional SoftBank Conversion Share Price”, the definition of “Per Class A-1 Preferred Share FMV” and clause (i) of the definition of “Preemptive Proportion” shall be adjusted from a 1:1 ratio to 0.625 of a Class C Common Share per one Class A-2 Preferred Share (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event); and

(iv) Section 6.13(c) will be amended to read, in its entirety, as follows:

“issue any Equity Securities that have rights, preferences or privileges with respect to Distributions, senior to the rights of the Class A-1 Preferred Shares in Sections 3.01(b)(i) or 3.02(a)(i) (“**Senior Securities**”); provided, that this Section 6.13(c) will not apply to the first \$1,350,000,000 of new Senior Securities issued after the occurrence of Commercial Deployment (with such amount being calculated based on the consideration paid by the recipient(s) of such Senior Securities);”.

(e) Pursuant to the SoftBank Purchase Agreement and the IPMA, and subject to the terms and conditions thereof, on the Original Closing Date GM (i) made, (A) a Capital Contribution totaling \$1,100,000,000 in the aggregate and (B) a contribution of the Transferred Entities (as defined in the SoftBank Purchase Agreement) pursuant to the Restructuring (as defined in the SoftBank Purchase Agreement) and (ii) granted certain rights to the Company under the IPMA (together with the contributions in clause (i), the “**GM Commitment**”), in exchange for which the Company issued to GM 1,100,000 Class A-2 Preferred Shares and 5,500,000 Class C Common Shares.

(f) As promptly as reasonably practicable following the consummation of the Subsequent SoftBank Commitment, the Company shall deliver to Honda an updated Members Schedule.

### **2.03 Class B Common Shares.**

(a) Awards of Class B Common Shares (“**Share Awards**”), options to purchase Class B Common Shares (“**Options**”) and rights to receive Class B Common Shares (“**RSUs**”, and collectively with Share Awards and Options, “**Equity Awards**”) may be granted or issued, as applicable, on or after the Original Closing Date to Employee Members pursuant to the terms of a Share Grant Agreement and in accordance with the 2018/2019 Incentive Plan or any successor employee incentive plan.

(b) With respect to Fiscal Years 2018 and 2019, the Company may grant or issue to Employee Members (pursuant to Share Grant Agreements) Equity Awards that may be issued, exercised or settled into, in the aggregate, up to that maximum number of Class B Common Shares set forth in the 2018/2019 Incentive Plan. From and after Fiscal Year 2020, the Company (acting upon the approval of the Board of Directors) may issue additional Equity Awards to Employee Members.

(c) The Board of Directors shall have the authority to determine the terms and conditions of the Share Grant Agreement to be executed by any Employee Members in connection with the grant of Equity Awards to such Employee Members (including terms and conditions relating to vesting, forfeiture, options to purchase and/or sell Class B Common Shares upon termination of employment and purchase prices and terms of any purchase and/or sale with respect thereto).

(d) Each Share Grant Agreement with respect to Equity Awards is intended to

qualify as a compensatory benefit plan within the meaning of Rule 701 of the Securities Act and the issuance of Class B Common Shares, from time to time, pursuant to the terms of this Agreement and the applicable Share Grant Agreement is intended to qualify for the exemption from registration under the Securities Act provided by Rule 701 thereof; provided, that, subject to Section 2.03(b), the foregoing shall not restrict or limit the Company's ability to issue any Class B Common Shares pursuant to any other exemption from registration under the Securities Act available to the Company and to designate any such issuance as not being subject to Rule 701.

(e) Subject, in each case, to the terms and conditions of the applicable Share Grant Agreement:

(i) Class B Common Shares that would be issued as a result of the exercise of a right to purchase pursuant to an issued Option shall be deemed, prior to their actual issuance, to be issued unvested Class B Common Shares for the purposes of Section 3.01(b)(ii) (and the holder of the Option shall be deemed a Class B Member solely for such purpose); provided, that, for clarity, no Distributions will actually be made with respect to such deemed unvested Class B Common Shares and Section 3.03 will not apply to such deemed unvested Class B Common Shares; and

(ii) Class B Common Shares that would be issued as a result of the right to receive such Shares pursuant to an RSU shall be deemed, prior to their actual issuance, to be issued unvested Class B Common Shares for the purposes of Sections 3.01(b)(ii) and 3.01(b)(iii) (and the holder of the RSU shall be deemed a Class B Member solely for such purposes) and Section 3.03.

**2.04 Class E Common Shares.** Pursuant to the Honda Purchase Agreement, and subject to the terms and conditions thereof, Honda has committed to make, and substantially concurrently with the execution of this Agreement, Honda has made Capital Contributions totaling \$750,000,000 in the aggregate (the "Honda **Commitment**"), pursuant to which the Company has issued to Honda 495,000 Class E Common Shares.

**2.05 Other Contributions.** No Member shall be required to make any contributions to the Company other than the Capital Contributions as provided in this Article II or as otherwise expressly set forth in this Agreement. Subject to Section 2.07, the Company shall not accept any Capital Contributions, other than Capital Contributions in respect of the Commitments, from a Member or any other Person unless the terms and conditions of any such Capital Contribution and related issuance of Shares have been approved by the Board of Directors.

**2.06 Issuances of Shares.** Subject to the limitations set forth in this Agreement (including Section 2.02, Section 2.07 and Section 6.13), the Board of Directors shall have sole and complete discretion in determining whether to issue any Equity Securities, the number and type of Equity Securities to be issued (including the creation of new series or classes of Shares) at any particular time and all other terms and conditions governing any such Equity Securities (including the issuance thereof); provided, that (a) the parties hereto acknowledge and agree that the Subsequent SoftBank Commitment shall be on the terms set forth in this Agreement and shall not require any additional approval of the Board of Directors and (b) the Company shall not issue any Equity Securities

(whether denominated as Shares or otherwise) to any Person unless such Person shall have agreed to be bound by this Agreement and shall have executed such documents or instruments as the Board of Directors determines to be necessary or appropriate to effect such Person's admission as a Member.

## **2.07      Preemptive Rights.**

(a) Except as provided in Section 2.07(e) or Section 2.07(f), if the Company wishes to issue any Equity Securities to any Person or Persons (all such Equity Securities, collectively, the "**New Securities**"), then the Company shall promptly deliver a written notice of intention to sell (the "**Company's Notice of Intention to Sell**") to each holder of Preemptive Shares setting forth a description of the New Securities to be sold, the proposed purchase price, the aggregate number of New Securities to be sold and the terms and conditions of sale. Upon receipt of the Company's Notice of Intention to Sell, each holder of Preemptive Shares shall have the right, during the Acceptance Period, to elect to purchase, at the price and on the terms and conditions stated in the Company's Notice of Intention to Sell, up to the number of New Securities equal to the product of (i) such holder's Preemptive Proportion, multiplied by (ii) the aggregate number of New Securities to be issued; provided, that if the New Securities consist of more than one class, series or type of Equity Securities, then any holder of Preemptive Shares who elects to purchase such New Securities pursuant to this Section 2.07 must purchase the same proportionate mix of all of such securities; provided, further, that if the New Securities are issued in connection with any debt financing undertaken by the Company or any of its Subsidiaries and to which preemptive rights otherwise apply pursuant to this Section 2.07, then any Class A-1 Member, Class D Member or Class E Member who elects to purchase such New Securities pursuant to this Section 2.07 must, to be eligible to receive such New Securities, participate in the underlying debt instrument for such financing (A) with and on the same terms as the other lenders thereunder and (B) in the same percentage as their Preemptive Proportion of New Securities that such Member wishes to purchase pursuant to this Section 2.07. If one or more holders of Preemptive Shares do not elect to purchase their entire share of the New Securities (such aggregate portion of New Securities that has not been so elected, the "**Excess New Securities**"), then the Company will offer, by written notice (the "**Supplemental Notice of Intention to Sell**"), to each holder of Preemptive Shares who has elected to purchase his, her or its entire proportion of the New Securities pursuant to this Section 2.07 the right to elect to purchase, at the price and on the terms and conditions stated in the Company's Notice of Intention to Sell, their Preemptive Proportion (calculated as if the Total Conversion Shares excludes all Shares of each holder of Preemptive Shares that did not elect to purchase their entire share of the New Securities) of the Excess New Securities such that all of the Excess New Securities may be purchased by such holders, if so elected. All elections under this Section 2.07(a) must be made by written notice to the Company within fifteen (15) days (or such later date determined by the Board of Directors) after receipt by such holder of Preemptive Shares of (as applicable) the Company's Notice of Intention to Sell or the Supplemental Notice of Intention to Sell (the "**Acceptance Period**").

(b) If the holders of Preemptive Shares have not elected to purchase all of the New Securities described in a Company's Notice of Intention to Sell, then the Company may, at its election, during the period of ninety (90) days immediately following the expiration of the Acceptance Period therefor (or the expiration of the Acceptance Period relating to the Supplemental



Notice of Intention to Sell, if the same is issued), sell and issue any of the New Securities not elected for purchase pursuant to Section 2.07(a) to any Person(s) at a price and upon terms and conditions no more favorable, in the aggregate, to such Person(s) than those stated in the Company's Notice of Intention to Sell.

(c) In the event the Company has not sold the New Securities to be issued within such ninety (90) day period, the Company shall not thereafter issue or sell any such New Securities without once again offering such securities to each holder of Preemptive Shares in the manner provided in Section 2.07(a).

(d) If a holder of Preemptive Shares elects to purchase any of the New Securities, payment therefor shall be made by wire transfer against delivery of such New Securities at the principal office of the Company within fifteen (15) days of such election unless a later date is mutually agreed between the Company and such holder of Preemptive Shares; provided, that if SoftBank elects to purchase any of the New Securities, to the extent necessary in order to accommodate the time required to call capital to purchase the Preemptive Shares, payment therefor shall be made by wire transfer against delivery of such New Securities at the principal office of the Company within thirty five (35) days of such election by SoftBank.

(e) Notwithstanding anything to the contrary in this Agreement, (i) no holder of Preemptive Shares shall have a right to purchase New Securities pursuant to this Section 2.07, if such purchase will, in the good faith determination of the Board of Directors, violate any applicable laws (whether or not such violation may be cured by a filing of a registration statement or any other special disclosure) and (ii) in lieu of offering any New Securities to any holder of Preemptive Shares prior to the time such New Securities are offered or sold to any other Person or Persons, the Company may comply with the provisions of this Section 2.07 by first issuing New Securities to such other Person or Persons, and promptly after such issuance (or acceptance) (and, in any event, within thirty (30) days thereafter) making an offer to sell (or causing such other Person or Persons to offer to sell), to the holders of Preemptive Shares, New Securities in such a manner so as to enable such holders of Preemptive Shares to effectively exercise their respective rights pursuant to Section 2.07(a) with respect to their purchase, for cash, of such New Securities as they would have been entitled to purchase pursuant to Section 2.07(a).

(f) Notwithstanding anything to the contrary in this Section 2.07, the preemptive rights contained in this Section 2.07 shall not apply to:

- (i) any Equity Securities issued pursuant to the funding of the GM Commitment, the SoftBank Commitment and the Subsequent SoftBank Commitment;
- (ii) any Equity Securities issued pursuant to Sections 2.10 or 2.11;
- (iii) any Class B Common Shares that may be issued to Employee Members, including upon the exercise or settlement of any Equity Award;
- (iv) any Equity Securities issued in connection with an IPO (including pursuant to Section 9.10(c)); and

(v) any Equity Securities issued upon any subdivision, split, recapitalization, reclassification, combination or similar reorganization.

**2.08** **Certificates.** The Company may, but shall not be required to, issue certificates representing Shares (“**Certificated Shares**”).

**2.09** **Repurchase Rights.** If an Employee Member ceases to be employed by or provide services to the Company or any of its Subsidiaries for any reason, then the Company shall have the right (but not the obligation) to repurchase all or any portion of the Class B Common Shares held by such Employee Member and his or her Permitted Transferees and not otherwise forfeited (pursuant to this Agreement, the relevant employee incentive plan in place at the time or the applicable Share Grant Agreement or other agreement (or agreements) with the Company) at a price per Class B Common Share specified by, on the timeline provided by, and otherwise on the terms and conditions contained within, a Share Grant Agreement or other agreement (or agreements) between an Employee Member and the Company.

**2.10** **Optional A-1 Conversion.**

(a) Each Class A-1 Preferred Member shall have the right, at such Member’s option, at any time and from time to time to convert all or any portion of the Class A-1 Preferred Shares held by such Member into Class D Common Shares by providing the Company with written notice of such conversion. A conversion of Class A-1 Preferred Shares pursuant to this Section 2.10(a) shall be effective as of the close of business on the first (1st) Business Day after the Company’s receipt of the conversion notice.

(b) In connection with any conversion pursuant to Section 2.10(a), (i) each Class A-1-A Preferred Share will be converted into Class D Common Shares at the A-1-A Preferred Share Conversion Ratio and (ii) each Class A-1-B Preferred Share will be converted into Class D Common Shares at the A-1-B Preferred Share Conversion Ratio.

(c) Notwithstanding anything in this Agreement to the contrary, each Class A-1 Preferred Share that has been converted into a Class D Common Share under this Section 2.10 shall cease to have the rights, preferences and privileges provided under this Agreement for the Class A-1 Preferred Shares and shall thereafter be treated as a Class D Common Share for all purposes.

**2.11** **Optional A-2 Conversion.**

(a) Each Class A-2 Preferred Member shall have the right, at such Member’s option, at any time and from time to time, to convert all or any portion of the Class A-2 Preferred Shares held by such Member into Class C Common Shares, at a 1:1 ratio (as adjusted to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) by providing the Company with written notice of such conversion. A conversion of Class A-2 Preferred Shares pursuant to this Section 2.11 shall be effective as of the close of business on the first (1st) Business Day after the Company’s receipt of the conversion notice.

(b) Notwithstanding anything in this Agreement to the contrary, each Class A-2 Preferred Share that has been converted into a Class C Common Share under this Section 2.11 shall cease to have the rights, preferences and privileges provided under this Agreement for the Class A-2 Preferred Shares and shall thereafter be treated as a Class C Common Share for all purposes.

### **ARTICLE III** **DISTRIBUTIONS**

#### **3.01 Distributions.**

(a) Except as otherwise expressly contemplated by this Agreement, all Distributions shall be made to the Persons who are the holders of Shares at the time such Distributions are made.

(b) Subject to Section 3.02 and Section 3.03, and in accordance with the provisions of this Section 3.01, Distributions pursuant to this Article III shall be made Quarterly in arrears (on the final day of each Quarter) in the following order of priority:

(i) First, Distributions shall be made to the Class A-1 Preferred Members in respect of their Class A-1 Preferred Shares (ratably among such Members based upon, for the relevant Quarter, the aggregate Class A-1 Preferred Return with respect to the Class A-1 Preferred Shares held by each such Member immediately prior to such Distribution) until each Class A-1 Preferred Member has received Distributions in respect of such Member's Class A-1 Preferred Shares in an amount equal to the aggregate Class A-1 Preferred Return for such Quarter (and not, for clarity, the full Class A-1 Preferred Unpaid Return) with respect to the Class A-1 Preferred Shares held by such Class A-1 Preferred Member immediately prior to such Distribution. The Company may, at its option, with respect to all or any portion of the Distributions on the Class A-1-A Preferred Shares and Class A-1-B Preferred Shares pursuant to this Section 3.01(b)(i) for any Quarter, elect to pay such Distribution in (i) cash or (ii) by the accretion (with respect to such Quarter) of the Class A-1 Preferred Return on such Shares (which such accretion in the Class A-1 Preferred Return, and resultant increase in the Class A-1 Preferred Unpaid Return for such Shares, shall constitute a Distribution hereunder).

(ii) Second, Distributions shall be made to the Junior Members until the cumulative amount received in cash by each of the Members pursuant to this Section 3.01(b)(ii) and Section 3.01(b)(i) with respect to all such Distributions made after the date of this Agreement to the relevant calculation date (including, for clarity, any Distributions made in such applicable Quarter pursuant to Section 3.01(b)(i)), equals the amount such Member would have received if all such Distributions had been distributed ratably on an as-converted basis (for the purpose of such calculation with the Class A-1 Preferred Shares being deemed converted to Class D Common Shares pursuant to Section 2.10(b)) among such Members based upon the number of Junior Interests held by each such Junior Member and the number of Class A-1 Preferred Shares held by each such Class A-1 Preferred Member, in each case, immediately prior to such Distribution. For the avoidance of doubt, the Class A-1 Preferred Shares shall not be entitled to any Distributions pursuant to this Section 3.01(b)(ii).

(iii) Third, all further Distributions shall be made to each Junior Member and Class A-1 Preferred Member ratably on an as-converted basis among such Members based upon the number of Junior Interests held by each such Junior Member and the number of Class A-1 Preferred Shares held by each such Class A-1 Preferred Member, in each case, immediately prior to such Distribution; provided, that, for the purposes of this Section 3.01(b)(iii), the Class A-1 Preferred Shares shall be deemed converted to Class D Common Shares pursuant to Section 2.10(b) without (for the purposes of calculating such conversion) any reduction in the Class A-1-A Preferred Unpaid Return or Class A-1-B Preferred Unpaid Return due to Distributions for such Quarter made pursuant to this Section 3.01(b)(iii).

(c) No later than five (5) Business Days prior to the end of each Quarter, the Company will send written notice to each Class A-1 Preferred Member stating whether the Distribution pursuant to Section 3.01(b)(i) for such Quarter will be paid in cash. If the Company fails to timely send such written notice then, with respect to such Quarter, the Company will be deemed to have irrevocably elected to pay the Distribution pursuant to Section 3.01(b)(i) by the accretion of the Class A-1 Preferred Return. For clarity, (i) the Company may elect, independently as to each class, to pay cash Distributions with respect to a Quarter on either, or both, of the Class A-1-A Preferred Shares and Class A-1-B Preferred Shares and (ii) so long as the full Distribution has been made on each Class A-1 Preferred Share pursuant to Section 3.01(b)(i), the Company may (but shall not be required to) make Distributions pursuant to Section 3.01(b)(ii) and Section 3.01(b)(iii).

(d) No distributions shall be made in respect of a Vested Class B Common Share pursuant to Section 3.01(b)(ii), Section 3.01(b)(iii) or Section 3.02(a)(iii), until such time that an aggregate amount of Distributions (since the date of grant of such Class B Common Share) pursuant to Section 3.01(b) or 3.02(a), as applicable, equal to the Class B Floor Amount shall have been Distributed on each Class C Common Share. For the avoidance of doubt, no holder of any Class B Common Share will later have the right to receive any amount foregone pursuant to the preceding sentence of this Section 3.01(d).

(e) Any reference in this agreement to a Distribution to a Substituted Member shall include any Distributions previously made to the predecessor Member on account of the interest of such predecessor Member transferred to such Substituted Member.

(f) Notwithstanding any provision to the contrary contained in this Agreement the Company shall not make any Distribution to Members if such Distribution would violate Section 18-607 of the Act or other applicable law.

### **3.02 Distributions Upon Liquidation or a Deemed Liquidation Event.**

(a) Notwithstanding Section 3.01, upon a liquidation (pursuant to Article X) or a Deemed Liquidation Event, the Company shall distribute the net proceeds or assets available for distribution, whether in cash or in other property, to the Members as follows:

(i) First, Class A-1 Preferred Members shall receive, on a *pro rata* basis (proportional to their share of the aggregate Class A-1 Liquidation Preference Amount for all

Class A-1 Preferred Shares) for each Class A-1 Preferred Share, the greater of (A) for each Class A-1 Preferred Share held by such Class A-1 Preferred Member, the applicable Class A-1 Liquidation Preference Amount, and (B) the amount distributable pursuant to Section 3.02(a)(iii) with respect to such Class A-1 Preferred Share as if such Share had converted into a Class D Common Share (pursuant to Section 2.10) immediately prior to the event giving rise to a Distribution pursuant to this Section 3.02.

(ii) Second, Class A-2 Preferred Members shall receive, for each Class A-2 Preferred Share, the greater of (A) the Class A-2 Liquidation Preference Amount and (B) the amount distributable pursuant to Section 3.02(a)(iii) with respect to such Class A-2 Preferred Share as if such Share had converted into a Class C Common Share (pursuant to Section 2.11) immediately prior to the event giving rise to a Distribution pursuant to this Section 3.02.

(iii) Third, to Junior Members (other than the Class A-2 Preferred Members), ratably among such Members based upon the number of Junior Interests held by each such Junior Member (other than Class A-2 Preferred Shares).

(b) A “**Deemed Liquidation Event**” shall occur upon either of a Sale of the Company or a Drag-Along Sale Transaction.

**3.03** Unvested Class B Common Shares. Notwithstanding anything in this Agreement to the contrary, (a) no Distribution shall be made in respect of any Class B Common Share that is not a Vested Class B Common Share, (b) any amount that would otherwise be distributable in cash in respect of a Class B Common Share pursuant to Section 3.01 or Section 3.02 but for the fact that such Class B Common Share is not a Vested Class B Common Share shall be withheld by the Company and Distributed with respect to such Class B Common Share, without interest, at the time of the first cash Distribution to the Junior Members following the date on which such Class B Common Share becomes a Vested Class B Common Share and (c) if a Class B Common Share that is not a Vested Class B Common Share is repurchased or forfeited (or otherwise becomes incapable of vesting), then such Class B Common Share shall not be entitled to receive or retain any Distributions.

**3.04** Distributions In-Kind. Distributions of property other than cash, including securities (but, for the avoidance of doubt, Distributions in respect of the Class A-1 Preferred Shares pursuant to Section 3.01(b)(i) shall not include stock or securities issued by the Company and may only be made in cash or accretion pursuant to Section 3.01(b)(i)), may be made under this Agreement with the approval of the Board of Directors. Distributions of property other than cash shall be valued at Fair Market Value. Except as otherwise required by the Act or this Agreement, and subject in all respects to Section 3.01 and Section 3.02, no Member shall be entitled to Distributions of property other than cash and the Board of Directors may make a determination to distribute property to one Member or group of Members and cash to the remaining Members so long as no Member is adversely affected in a manner which is disproportionate to the other Members as a result of such determination.

**ARTICLE IV**  
**TAX MATTERS**

**4.01 Corporate Status.** The Members intend that the Company be treated as a corporation for U.S. federal, and, as applicable, state and local, income tax purposes, and neither the Company nor any of the Members shall take any reporting position inconsistent with such treatment. In furtherance of the foregoing, the Company has elected, pursuant to Treasury Regulations Section 301.7701-3(c), to be treated as an association taxable as a corporation, effective as of May 23, 2018. The Company will not make any other entity classification elections with respect to the Company without the prior written consent of all Members; provided that an entity classification may be made to treat the Entity as an association taxable as a corporation without any such consent.

**4.02 Withholding.** The Company is authorized to withhold from any payment made to a Member any amounts required to be withheld by the Company under applicable law and, if so required, remit any such amounts to the applicable governmental authority. Upon request by the Company in writing, each Member shall provide the Company with a properly completed and duly executed Internal Revenue Service (“IRS”) Form W-9 or applicable IRS Form W-8, or any other information, form or certificate reasonably necessary to determine whether and the extent to which any such withholding is required. If the Company, or the Board of Directors or any Affiliate of the Company, becomes liable as a result of a failure to withhold and remit taxes in respect of any Member and such failure was attributable to such Member’s failure to timely provide the Company with the appropriate information requested in writing by the Company regarding such Member’s tax status or tax payment obligations, then such Member shall indemnify and hold harmless the Company, or the Board of Directors or any Affiliate of the Company, as the case may be, in respect of any such tax that should have been withheld and remitted (including any interest or penalties assessed or imposed thereon and any expenses incurred in any examination, determination, resolution and payment of such tax) but was not so withheld and remitted as a result of such Member’s failure to timely provide the Company with such information. The provisions contained in this Section 4.02 shall survive the termination of the Company and the withdrawal of any Member.

**4.03 Tax Sharing.**

(a) **GM Consolidated Group.** For the 2018 Tax Period of the GM Consolidated Group, the Company shall timely deliver to GM Parent a properly completed and duly executed IRS Form 1122 (Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return) and any similar or corresponding forms required for state or local income or franchise tax purposes. The Company acknowledges and agrees that GM Parent shall act as sole agent (within the meaning of Treasury Regulations Section 1.1502-77) for the Company with respect to any Tax Period for which the Company joins one or more members of the GM Consolidated Group in filing a GM Consolidated Return, provided that the GM Investor shall cause GM Parent to not take any action with respect to any tax matters, including any action in its role as sole agent (within the meaning of Treasury Regulation Section 1.1502-77) that has a material and disproportionate adverse impact on (i) the Company (ii) prior to the one-time Transfer permitted by Section 9.02(c), SoftBank or (iii) after the one-time Transfer permitted by Section 9.02(c), SVFA,

without the Company's, SoftBank's or SVFA's consent, as applicable, not to be unreasonably withheld, conditioned or delayed.

(b) Payment from the GM Investor to the Company for Use of Company NOLs and Tax Credits.

(i) If upon a Deconsolidation the NOL Deficit Amount exceeds zero, the GM Investor shall pay to the Company, with respect to each Tax Period of the Company, the Excess NOL Tax Increase with respect to such Tax Period. The GM Investor shall pay the Excess NOL Tax Increase with respect to each such Tax Period no later than ten (10) Business Days following delivery of written notice by the Company to the GM Investor of the amount of Excess NOL Tax Increase for such Tax Period.

(ii) In addition to the payments described in Section 4.03(b)(i) above (and without duplication of such payments or any other payments required to be made by the GM Investor hereunder), the GM Investor shall make payments to the Company with respect to any R&D Tax Credits or Other Tax Credits generated by the Company or any of its Subsidiaries in the same manner and using the same principles as described in Section 4.03(b)(i) and in the definitions of NOL Deficit Amount and Hypothetical Deconsolidated Company NOL Amount; provided, however, that in applying such principles, (A) clause (ii) of the definition of NOL Deficit Amount shall not apply and (B) in applying the Company standalone concept of the Hypothetical Deconsolidated Company NOL Amount, the Company and its Subsidiaries shall be assumed to utilize the same tax accounting methods, elections, conventions, practices, policies and principles regarding the R&D Tax Credits or Other Tax Credits actually utilized by the GM Consolidated Group and the Company and its Subsidiaries shall otherwise be assumed to take into account the GM Consolidated Group's history in its use of R&D Tax Credits or Other Tax Credits; provided, further, that no such payment with respect to Other Tax Credits will be required unless and until such Other Tax Credits generated by the Company and its Subsidiaries exceed, in the aggregate, taking into account any Other Tax Credits referenced in Section 4.03(e), \$12,000,000 with respect to any calendar year.

(iii) The GM Investor and its advisors shall calculate the NOL Deficit Amount and the deficit amount in respect of R&D Tax Credits and Other Tax Credits upon a Deconsolidation and shall deliver such calculations, certified by the chief tax officer of GM Parent, to the Company and, subject to Section 4.03(f), such calculations shall be conclusive, binding and final for all purposes. The Company shall calculate the Excess NOL Tax Increase and the tax increase in respect of R&D Tax Credits and Other Tax Credits in each Tax Period and shall deliver such calculations, certified by the chief tax officer of the Company, along with reasonably detailed supporting documentation, to the GM Investor and, subject to Section 4.03(f), such calculation shall be conclusive, binding and final for all purposes.

(c) Payment from the Company to the GM Investor for Inclusion of Company Income.

(i) Following the filing of the final GM Consolidated Return for each Tax Period prior to a Deconsolidation, the Company shall calculate the Aggregate Company Hypothetical Pre-Deconsolidation Tax Amount with respect to such Tax Period.

(ii) Following the filing of the final GM Consolidated Return for each Tax Period ending after the Original Closing Date, the GM Investor shall calculate the Incremental GM Tax Amount. The GM Investor shall deliver to the Company a certification by the chief tax officer of GM Parent with respect to such amount and such calculation shall be conclusive, binding and final for all purposes. No certification shall be required in any year in which the GM Investor has determined that the Incremental GM Tax Amount is zero.

(iii) With respect to each Tax Period of the GM Consolidated Group ending after the Original Closing Date, the Company shall make a payment to the GM Investor equal to the excess, if any, of (A) the lesser of (1) the Aggregate Company Hypothetical Pre-Deconsolidation Tax Amount with respect to such Tax Period and (2) the Incremental GM Tax Amount with respect to such Tax Period over (B) the aggregate net payment made by the Company to the GM Investor pursuant to this Section 4.03(c)(iii) and Section 4.03(c)(iv) for prior Tax Periods.

(iv) With respect to each Tax Period of the GM Consolidated Group ending after the Original Closing Date, the GM Investor shall make a payment to the Company equal to the excess, if any, of (A) the aggregate net payment made by the Company to the GM Investor pursuant to Section 4.03(c)(iii) and this Section 4.03(c)(iv) for prior Tax Periods over (B) the lesser of (1) the Aggregate Company Hypothetical Pre-Deconsolidation Tax Amount with respect to such Tax Period and (2) the Incremental GM Tax Amount with respect to such Tax Period;

(d) Payments between GM Investor and the Company if a Section 59(e) Election is Made. If prior to a Deconsolidation, GM makes one or more elections under Section 59(e) of the Code (a “**Section 59(e) Election**”) with respect to the Company and/or its Subsidiaries, then:

(i) with respect to each Tax Period for which a Section 59(e) Election is made, and any subsequent Tax Period, any payment otherwise required to be made by the Company to the GM Investor pursuant to Section 4.03(c) shall be (A) reduced (but not below zero) by the Section 59(e) Detriment Amount with respect to such Tax Period and (B) shall be increased by the Section 59(e) Benefit Amount with respect to such Tax Period; provided, any adjustment pursuant to this Section 4.03(d)(i)(B) shall be deferred and shall only be made when and to the extent that, immediately prior to giving effect to such adjustment, the aggregate adjustments under Section 4.03(d)(i)(A) and Section 4.03(d)(ii)(A) exceed the aggregate adjustments under this Section 4.03(d)(i)(B) and Section 4.03(d)(ii)(B); and

(ii) with respect to each Tax Period for which a Section 59(e) Election is made, and any subsequent Tax Period, any payment otherwise required to be made by the GM Investor to the Company pursuant to Section 4.03(b) shall be (A) increased by the Section 59(e) Detriment Amount with respect to such Tax Period and shall be (B) reduced (but not below zero)



by the Section 59(e) Benefit Amount with respect to such Tax Period; provided, any adjustment pursuant to this Section 4.03(d)(ii)(B) shall be deferred and shall only be made when and to the extent that, immediately prior to giving effect to such adjustment, the aggregate adjustments under Section 4.03(d)(i)(A) and Section 4.03(d)(ii)(A) exceed the aggregate adjustments under Section 4.03(d)(i)(B) and this Section 4.03(d)(ii)(B).

For the avoidance of doubt, for purposes of Sections 4.03(d)(i) and (ii) above, a required payment of \$0 under Section 4.03(b) or Section 4.03(c) for any Tax Period constitutes a “payment otherwise required to be made”.

(e) State and Local Income and Franchise Taxes. With respect to state and local income and franchise tax benefits and detriments in any jurisdictions that have consolidated, combined or unitary tax regimes, the GM Investor and the Company shall have similar payment obligations to each other, under the same principles, as the payment obligations for U.S. federal income tax benefits and detriments described in paragraphs (b), (c) and (d) of this Section 4.03; provided, that no such payment with respect to Other Tax Credits will be required unless and until such Other Tax Credits generated by the Company and its Subsidiaries exceed, in the aggregate, taking into account any Other Tax Credits referenced in Section 4.03(b)(ii), \$12,000,000 with respect to any calendar year.

(f) Dispute Resolution. In the event of any dispute between the GM Investor and the Company as to any amount payable under this Section 4.03, the GM Investor and the Company shall attempt in good faith to resolve such dispute. If the GM Investor and the Company are unable to resolve such dispute within thirty (30) days, they shall jointly retain a mutually agreed upon nationally recognized independent accounting firm (the “**Accounting Firm**”) to resolve the dispute. The GM Investor and the Company may make written submissions to the Accounting Firm, and the Accounting Firm’s resolution shall be based solely upon the actual terms of this Agreement, the written submissions of the GM Investor and the Company, and the application of federal income tax law (or, in the case of any payment obligation Section 4.03(e), applicable state or local income tax law). Each of the GM Investor and the Company shall be bound by the determination of the Accounting Firm and shall bear one-half of the fees and expenses of the Accounting Firm.

(g) Indemnification for Taxes. Other than payments required under this Agreement, the GM Investor shall indemnify and hold harmless the Company and any of its Subsidiaries from any Taxes (as such term is defined in the Purchase Agreement) imposed on the Company or any of its Subsidiaries pursuant to Treasury Regulations Section 1.1502-6 (or any analogous or similar provision of U.S. state or local, or non-U.S. law) as a result of being a member of (i) the GM Consolidated Group or (ii) any other affiliated, consolidated, combined or unitary group of which (A) the GM Investor, (B) the GM Parent, (C) any Affiliate or direct or indirect Subsidiary of the GM Parent (other than the Company or any of its Subsidiaries) or (D) any member of the GM Consolidated Group (other than the Company or any of its Subsidiaries) was a member prior to a Deconsolidation.

(h) Net Payments. Without limiting any other provision in this Section 4.03, if as of any date each of the GM Investor and the Company is obligated to make a payment to the

other under this Section 4.03, then the amount of such payments shall be netted, the offsetting amounts shall be treated as having been paid by the applicable payors for all purposes of this Section 4.03, and the party having the net payment obligation shall make such pay such net amount to the other party.

(i) Intended Tax Treatment. Any payments made by the GM Investor to the Company following a Deconsolidation pursuant to this Section 4.03 shall be treated as a Capital Contribution for all applicable tax purposes, unless otherwise required by applicable law. Any payments made by the Company to the GM Investor following a Deconsolidation pursuant to this Section 4.03 shall be treated as distribution under Section 301 of the Code for all applicable tax purposes, unless otherwise required by applicable law.

(j) Examples. Any ambiguity in the provisions of this Section 4.03 shall be resolved (where possible) by reference to the examples delivered by the GM Investor and acknowledged by SVF and the Company pursuant to that certain letter provided to SVF prior to the execution of the SoftBank Purchase Agreement and acknowledged by Honda pursuant to that certain letter provided to Honda prior to the execution of the Honda Purchase Agreement; provided, however, that in the event of a conflict with such letter, this Section 4.03 shall control.

(k) Consistent Reporting Covenant. Notwithstanding anything to the contrary contained herein, the Class A Preferred Shares are intended to be treated as common stock for all purposes of the Code (and not as preferred stock within the meaning of Treasury Regulations Section 1.305-5). Absent a relevant change in law or administrative, regulatory or judicial authority or guidance, unless otherwise required pursuant to a “determination” within the meaning of Section 1313 of the Code, neither the Company nor any of the Members shall report any Distribution with respect to the Class A Preferred Shares that is paid by accretion of the Class A-1 Preferred Return on such Shares (in accordance with Section 3.01(c) hereof) as a taxable distribution pursuant to Section 305(b)(2) of the Code or take any position inconsistent with the intended tax treatment described in this Section 4.03(k).

(l) Audit Adjustments. Notwithstanding anything to the contrary herein, in the event there is an adjustment to any GM Consolidated Return or any Company tax return for any Tax Period as a result of an audit, the computations described in this Section 4.03 will be adjusted to reflect the results of such audit and any amounts payable hereunder shall be increased or decreased to reflect the revised computations.

(m) Tax Materials. For the avoidance of doubt, neither the Company nor any other Member shall be permitted to review any of the GM Investor’s tax returns, workpapers or other tax information (“**Tax Materials**”), or any Tax Materials of or related to the GM Consolidated Group.

(n) Definitions. For purposes of this Section 4.03, the following terms shall be defined as follows:

(i) **“Aggregate Company Hypothetical Pre-Deconsolidation Tax Amount”** means, with respect to a Tax Period, the sum of the Company Hypothetical Pre-Deconsolidation Tax Amount for such Tax Period and all prior Tax Periods.

(ii) **“Company Hypothetical Pre-Deconsolidation Tax Amount”** means, with respect to a Tax Period prior to a Deconsolidation, the amount of U.S. federal income tax that would have been owed by the Company and its Subsidiaries if the Company and its Subsidiaries had not been members of the GM Consolidated Group and instead were a separate U.S. consolidated group (but had utilized the same tax accounting methods, elections, conventions, practices, policies and principles actually utilized by the GM Consolidated Group).

(iii) **“Deconsolidation”** means any event pursuant to which the Company ceases to be included in the GM Consolidated Group.

(iv) **“Excess NOL Tax Increase”** means, with respect to each Tax Period of the Company after a Deconsolidation, an amount equal to the excess, if any, of (A) the actual U.S. federal income tax payable by the Company and its Subsidiaries in respect of such Tax Period over (B) the U.S. federal income tax that would have been payable by the Company and its Subsidiaries in respect of such Tax Period if upon a Deconsolidation the Company had an amount of net operating losses, as defined in Section 172(c) of the Code, equal to the NOL Deficit Amount.

(v) **“GM Consolidated Group”** means the consolidated group of corporations of which GM Parent is the “common parent” within the meaning of Treasury Regulations Section 1.1502-1(h).

(vi) **“GM Consolidated Return”** means the consolidated U.S. federal income tax return of GM Parent filed pursuant to Section 1501 of the Code.

(vii) **“Hypothetical Deconsolidated Company NOL Amount”** shall mean the amount of net operating losses, as defined in Section 172(c) of the Code, that the Company and its Subsidiaries would have had upon a Deconsolidation had the Company and its Subsidiaries never been members of the GM Consolidated Group (but had utilized the same tax accounting methods, elections, conventions, practices, policies and principles actually utilized by the GM Consolidated Group and had closed its Tax Period as of the date of a Deconsolidation), provided that Hypothetical Deconsolidated Company NOL Amount shall be reduced by the amount of any such net operating losses that were previously included in the computation of Incremental GM Tax Amount and resulted in a reduction in the Incremental GM Tax Amount.

(viii) **“Incremental GM Tax Amount”** means with respect to a Tax Period, the excess, if any, of (A) the total U.S. federal income tax actually owed by the GM Consolidated Group for such Tax Period and all prior Tax Periods ending after the Original Closing Date, over (B) the total U.S. federal income tax that would have been owed by the GM Consolidated Group for such Tax Period and all prior Tax Periods ending after the Original Closing Date had the Company

and its Subsidiaries never been members of the GM Consolidated Group, determined on a with and without basis and ignoring any state apportionment differences resulting from the inclusion of the Company and its Subsidiaries in the GM Consolidated Group; provided, the amount in clause (A) shall be determined assuming any net operating losses for which the Company has been compensated for pursuant to Section 4.03(b) were not available to the GM Consolidated Group (determined by assuming that such net operating losses are the last losses that would have otherwise been taken into account in clause (A)).

(ix) “**NOL Deficit Amount**” shall mean an amount equal to the excess, if any, of (A) the Hypothetical Deconsolidated Company NOL Amount over (B) \$1,300,000,000.

(x) “**Other Tax Credits**” shall mean any U.S. federal, state or local income or franchise tax credits other than R&D Tax Credits as defined herein.

(xi) “**R&D Tax Credits**” shall mean any U.S. federal income tax credits for research activities under Section 41 of the Code, and, for the purpose of applying Section 4.03(e), any state or local income or franchise tax credits that are directly analogous to tax credits for research activities under Section 41 of the Code.

(xii) “**Section 59(e) Benefit Amount**” with respect to a Tax Period means the amount by which the payment (A) required by the Company to GM under Section 4.03(c) for such Tax Period would have been more or (B) by GM to the Company under Section 4.03(b) would have been less, in each case, had no Section 59(e) Election been made; provided, for purposes of determining such difference under (A) or (B) with respect to any Section 59(e) Benefit Amount that corresponds to a prior correlative Section 59(e) Detriment Amount (using the earliest Section 59(e) Detriment first), such Section 59(e) Benefit Amount shall be determined assuming that the U.S. federal income tax rates applicable at the time of such Section 59(e) Detriment were still in effect.

(xiii) “**Section 59(e) Detriment Amount**” with respect to a Tax Period means the amount by which the payment (A) required by the Company to GM under Section 4.03(c) for such Tax Period would have been less or (B) by GM to the Company under Section 4.03(b) would have been more, in each case, had no Section 59(e) Election been made.

(xiv) “**Tax Period**” means a taxable year as defined in Section 441(b) of the Code.

**4.04 Transfer Taxes.** Any Transfer Taxes (as defined in the SoftBank Purchase Agreement) incurred in connection with (i) any issuance of any equity interests to SoftBank, SVFA or any of their Affiliates or Permitted Transferees pursuant to this Agreement or the SoftBank Purchase Agreement or (ii) the one-time Transfer permitted by Section 9.02(c) shall, in each case, be paid by SoftBank or SVFA (as applicable) when due. Any Transfer Taxes (as defined in the Honda Purchase Agreement) incurred in connection with any issuance of any equity interests to Honda or any of its Affiliates or Permitted Transferees pursuant to this Agreement or the Honda Purchase Agreement shall be paid by Honda when due. The Company shall file all necessary tax returns and other documentation with respect to all Transfer Taxes and, if required by applicable

law, the GM Investor, SoftBank or SVFA and Honda (as applicable) will, and will cause their Affiliates, to join in the execution of any such tax returns and other documentation.

The provisions contained in this Article IV, and any payments required to be made pursuant hereto, shall survive the termination of the Company and the withdrawal of any Member.

## **ARTICLE V** **MEMBERS**

### **5.01 Voting Rights of Members.** Subject to Section 2.02 and Section 9.10:

- (a) Each Class A-1 Preferred Member shall be entitled to ten (10) votes for each Class A-1 Preferred Share held by such Member on any matter which is submitted to the Members for a vote or consent.
- (b) Each Class A-2 Preferred Member shall be entitled to ten (10) votes for each Class A-2 Preferred Share held by such Member on any matter which is submitted to the Members for a vote or consent.
- (c) Each Class B Member shall be entitled to one (1) vote for each Class B Common Share held by such Member on any matter which is submitted to the Members for a vote or consent.
- (d) Each Class C Member shall be entitled to ten (10) votes for each Class C Common Share held by such Member on any matter which is submitted to the Members for a vote or consent.
- (e) Each Class D Member shall be entitled to one (1) vote for each Class D Common Share held by such Member on any matter which is submitted to the Members for a vote or consent.
- (f) Each Class E Member shall be entitled to one (1) vote for each Class E Common Share held by such Member on any matter which is submitted to the Members for a vote or consent.
- (g) Each other class or series of Shares shall be entitled to such votes as the Board of Directors shall determine with respect to such class or series on any matter which is submitted to the Members for a vote or consent.

For the avoidance of doubt, the provisions and rights with respect to voting set forth in this Section 5.01 and Section 6.03 are intended to provide GM with “control” of the Company as defined in Section 368(c) of the Code and the Treasury Regulations thereunder, and shall be interpreted consistent therewith. Neither the Company nor any of the Members shall take any reporting position inconsistent with the intended tax treatment described in this Section 5.01.

**5.02 Quorum; Voting.** A quorum shall be present with respect to a meeting of the Members if a Majority of the Members are represented in person or by proxy at such meeting. Once

a quorum is present at a meeting of the Members, the subsequent withdrawal from the meeting of any Member (other than the GM Investor, whose withdrawal from the meeting shall cause a quorum to no longer be present) prior to the meeting's adjournment or the refusal of any Member to vote on any matter that is open to vote by the Members at the meeting shall not affect the presence of a quorum at the meeting. Each of the Members hereby consents and agrees that one or more Members may participate in a meeting of the Members by means of conference telephone or similar communications equipment by which all Persons participating in the meeting can hear each other at the same time, and such participation shall constitute presence in person at the meeting. If a quorum is present, except as otherwise expressly provided herein, the affirmative vote of the Members representing a Majority of the Members represented at the meeting and entitled to vote on the subject matter shall be the act of the Members.

**5.03**      **Written Consent.** Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if the action is evidenced by a written consent describing the action taken signed by a Majority of the Members. Action taken under this Section 5.03 is effective when a Majority of the Members have signed the consent, unless the consent specifies a different effective date. Promptly following the effectiveness of any action taken by written consent by a Majority of the Members, the Company shall provide written notice of such action to any Member who was otherwise entitled to vote on such matter or action and whose consent was not solicited in connection therewith.

**5.04**      **Meetings.** Meetings of the Members may be called by (a) the Board of Directors or (b) a Majority of the Members.

**5.05**      **Place of Meeting.** The Board of Directors may designate the place of meeting for any annual meeting and the Person(s) calling a special meeting pursuant to Section 5.04 may designate the place for such special meeting. If no designation is made, the place of meeting shall be the principal office of the Company.

**5.06**      **Notice of Meeting.** Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be provided to each Member not less than three (3) Business Days prior to the date of the applicable meeting and otherwise in accordance with Section 12.06. Any Member may waive notice of any meeting. The attendance of a Member at a meeting shall constitute a waiver of notice of such meeting except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular meeting of Members need be specified in the notice or waiver of notice of such meeting.

**5.07**      **Withdrawal; Partition.** No Member shall have the right to resign or withdraw as a member of the Company. No Member shall have the right to seek or obtain partition by court decree or operation of law of any Company property, or the right to own or use particular or individual assets of the Company, except as may be expressly set forth in the Commercial Agreements, the Honda Commercial Agreements or any other written agreement between such Member and the Company.

## 5.08 Business Opportunities; Performance of Duties.

(a) Subject to Article XI, any agreement entered into with any Employee Member and any restriction on any Class E Member in any written agreement entered into by the Company with a Class E Member, each Member and its Affiliates and its and their respective officers, directors, equityholders, partners, members, managers, agents and employees (the “**Member Group Persons**”) (i) is permitted to have, and may presently or in the future have, investments or other business relationships with entities engaged in other, complementary or competing lines of business other than through the Company and its Subsidiaries (an “**Other Business**”), (ii) may have or may develop a strategic relationship with businesses that are and may be competitive or complementary with the Company and its Subsidiaries, (iii) is not prohibited by virtue of their investment in the Company or any of its Subsidiaries or, if applicable, their service on the Board of Directors or the board of directors (or similar governing body) of any of the Company’s Subsidiaries from pursuing and engaging in any such activities and (iv) is not obligated to inform the Company or any of its Subsidiaries of any such opportunity, relationship or investment. Subject to Article XI and any agreement entered into with any Employee Member, the involvement of any Member Group Person in any Other Business will not constitute a conflict of interest by such Persons with respect to the Company or its Members or any of its Subsidiaries.

(b) Without prejudice to Section 5.08(a), each Director shall, in his or her capacity as a Director, and not in any other capacity, have the same fiduciary duties to the Company and the Members as a director of a Delaware corporation; provided, that, notwithstanding the foregoing:

(i) the Directors shall not have, or be deemed to have, any duties or implied duties (including fiduciary duties) to the Company or its Subsidiaries, any Member or any other Person (and each Director may act in and consider the best interests of the Member who designated such Director and shall not be required to act in or consider the best interests of the Company and its Subsidiaries or the other Members) and any duties or implied duties (including fiduciary duties) of a Director to any other Member or the Company or its Subsidiaries that would otherwise apply at law or in equity are hereby disclaimed and eliminated to the fullest extent permitted under the Act and any other applicable law, and each Member hereby disclaims and waives all rights to, and releases each other Member and each Director from, any such duties, in each case with respect to or in connection with any of the following circumstances:

(A) any transaction or arrangement, or any proposed transaction or arrangement, between the Company or its Subsidiaries, on the one hand, and SoftBank, SVFA or any SoftBank Party, on the other hand, including the decision to engage, or not to engage in, such transaction or arrangement; and

(B) any decision to engage or not to engage in any transaction or arrangement, or any proposed transaction or arrangement contemplated by the Transaction Documents or the Commercial Agreements (as the same may be amended from time to time in accordance with the provisions thereof), or which is otherwise on terms consistent with the Commercial Agreements; and

Section 2.06; and (C) the issuance of Equity Securities to the GM Investor or any of its Affiliates pursuant to

(ii) without limiting the requirements of Section 6.13(b), in connection with any transaction or arrangement, or any proposed transaction or arrangement, between the Company or any of its Subsidiaries, on the one hand, and GM or any of its Affiliates, on the other hand, (A) there will be no requirement for any non-Independent Director to approve such a transaction or for any independent or non-Board of Director review process, and (B) such transaction or arrangement and decision of the Board of Directors in connection therewith shall not be subject to any heightened standard of review or approval (including any review under an “entire fairness” standard).

(c) To the maximum extent permitted by law, no Member Group Person (other than any Director in their capacity as the same to the extent expressly provided in this Agreement) shall owe any fiduciary or similar duties or obligations to the Company or its Subsidiaries, the Members or any Person, and any such duties (fiduciary or otherwise) of such Member Group Person are intended to be modified and limited to those expressly set forth in this Agreement, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or exist against any such Member Group Person. For purposes of clarification and the avoidance of doubt and notwithstanding the foregoing, nothing contained in this Section 5.08 or elsewhere in this Agreement shall, nor shall it be deemed to, eliminate (i) the obligation of the Members to act in compliance with the express terms of this Agreement, any Transaction Document, any Commercial Agreement or any Honda Commercial Agreement, or (ii) the implied contractual covenant of good faith and fair dealing of the Members.

(d) In performing its, his or her duties, each of the Members, Directors and Officers shall be entitled to rely in good faith on the provisions of this Agreement and on information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, profits or losses of the Company and its Subsidiaries), of the following other Persons or groups: (i) (A) in relation to such Member, one or more officers or employees of such Member or by the Company or any of its Subsidiaries, or (B) in relation to an Officer or Director, one or more Officers or employees of the Company or its Subsidiaries, (ii) (A) in relation to such Member, any attorney, independent accountant or other Person employed or engaged by such Member or by the Company or any of its Subsidiaries, or (B) in relation to an Officer or Director, any attorney, independent accountant or other Person employed or engaged by the Company or any of its Subsidiaries, or (iii) any other Person who has been selected with reasonable care by or on behalf of such Member (in relation to a Member only) or by or on behalf of the Company or any of its Subsidiaries, in each case, as to matters which such relying Person reasonably believes to be within such other Person’s professional or expert competence. The preceding sentence shall in no way limit any Person’s right to rely on information to the extent provided in Section 18-406 of the Act.

**5.09 Limitation of Liability.** Except as otherwise required by applicable law or as expressly set forth in this Agreement, no Member shall have any personal liability whatsoever in such Member’s capacity as a Member, whether to the Company, to any of the other Members, to



the creditors of the Company or to any other Person for the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise (including those arising as a Member or an equityholder, an owner or a shareholder of another Person). Each Member shall be liable only to make such Member's Capital Contribution to the Company, if applicable, and the other payments provided for expressly herein, in each case, in accordance with the applicable terms of this Agreement and any Transaction Document (and, in the case of Honda, the Honda Purchase Agreement) to which it is a party.

**5.10 Authority.** Except as otherwise expressly set forth in this Agreement, no Member, in its capacity as a Member, shall have the power to act for or on behalf of, or to bind the Company.

**5.11 Sale of the Company; IPO.** Notwithstanding anything to the contrary in this Agreement, the prior written consent of the GM Investor (acting in its sole discretion and in its capacity as a Member) will be required prior to entering into or consummating any Sale of the Company or any IPO.

**5.12 Honda Minority Consent Right.** Without Honda's prior written consent, for so long as Honda owns the Honda Floor Amount, the Company shall not make any alteration or amendment or waiver to this Agreement that would have a material and disproportionate adverse effect on the terms of the Class E Common Shares; provided, that this Section 5.12 will not apply to any of the following: (i) the addition of Members to the Company or the issuance of Shares or other Equity Securities of the Company (whether of a new or an existing class), in each case, in accordance with the terms of this Agreement, and any amendment(s) to this Agreement in connection with implementing such issuance or addition of such Member(s) (including the updating of the Members Schedule in connection therewith) or the granting of any rights to one or more Members in connection with such issuance in accordance with the terms of this Agreement, (ii) any amendment(s) to this Agreement in connection with the preparation for or consummation of an IPO that do not have a material and disproportionate effect on the terms of the Class E Common Shares (except as contemplated by Section 9.10) or (iii) to correct any typographical or similar ministerial errors. In determining whether an amendment has a material and disproportionate adverse effect on the terms of the Class E Common Shares, only the terms related thereto shall be considered, and any other relationship(s) the Class E Members may have with the Company, any of its Subsidiaries or the other Members shall not be considered and no characteristic of the Class E Members other than the terms of the Class E Common Shares shall be considered.

## **ARTICLE VI MANAGEMENT**

### **6.01 Management.**

(a) Without prejudice to Section 5.12, to the fullest extent permitted by law, the business and affairs of the Company shall be managed by a board of directors (the "**Board of Directors**"), which shall direct, manage and control the business of the Company. Except as otherwise expressly set forth herein (or if required by a non-waivable provision of the Act), no Member shall have the right to manage the Company or to reject, override, overturn, veto or otherwise approve or pass judgement upon any action taken by the Board of Directors or an

authorized Officer of the Company. Except as otherwise expressly set forth herein, the Board of Directors shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company and make any and all decisions and to take any and all actions which the Board of Directors deems necessary or desirable for that purpose.

(b) Each Director shall constitute a “manager” within the meaning of the Act. However, no individual Director, in his or her capacity as such, shall have the authority to bind the Company.

**6.02** **Number of Directors.** At the date of this Agreement, the Board of Directors shall consist of seven (7) Directors. The Board of Directors may, from time to time following the date of this Agreement, determine the size of the Board of Directors; provided, however, that the size of the Board of Directors shall not be decreased to less than six (6) Directors.

**6.03** **Board Designation Rights and Composition; Proxies.**

(a) (i) The Class A-2 Preferred Members shall, by vote of a Majority of the Class A-2 Preferred, have the exclusive right to designate, appoint, remove and replace all Directors (including any Director vacancies created by virtue of an increase in the size of the Board of Directors pursuant to Section 6.02) other than the SoftBank Director (if applicable) and the Common Director (the “**A-2 Preferred Directors**”); provided, that if there are no Class A-2 Preferred Shares outstanding, the A-2 Preferred Directors will be appointed by a Majority of the Class C Common, (ii) the Members holding Common Shares shall, by vote of a Majority of the Common Shares, have the exclusive right to designate, appoint, remove and replace one (1) Director (the “**Common Director**”), and (iii) following the receipt of SoftBank CFIUS Approval and subject to Section 6.05, SoftBank shall have the exclusive right (exercisable by written notification to the Company and the GM Investor), for so long as SoftBank owns the SoftBank Floor Amount, to designate, appoint, remove and replace one (1) Director (the “**SoftBank Director**”). The initial A-2 Preferred Directors are such five (5) natural Persons as were notified in writing to the Company and SoftBank by GM and the initial Common Director is such one (1) natural Person as was notified in writing to the Company and SoftBank by GM. If at any time any Director ceases to serve on the Board of Directors (whether due to resignation, removal or otherwise), the Member(s) entitled to designate and appoint such Director pursuant to this Section 6.03 shall designate and appoint a replacement for such Director by written notice to the Board of Directors (it being further understood and agreed that the failure by any party to designate and appoint a representative to fill a vacant Director position pursuant to this Section 6.03(a) shall not give rights to, or otherwise entitle, the Board of Directors or any other Member (other than the Member(s) entitled to designate and appoint such Director pursuant to this Section 6.03(a), including the penultimate sentence hereof) to fill such vacant position without the prior written consent of the Member(s) originally entitled to designate and appoint such Director pursuant to this Section 6.03(a)). Except as otherwise expressly stated herein, only the Member(s) entitled to designate and appoint a specific Director may remove such Director, at any time and from time to time, with or without cause (subject to applicable law), in such Member(s) sole discretion, and such Member(s) shall give written notice of such removal to the Board of Directors. Notwithstanding the foregoing, upon such time as SoftBank owns less than the SoftBank Floor Amount, the SoftBank Director shall be immediately and automatically removed,

and the right of SoftBank to designate, appoint, remove and replace a Director shall be null and void and, for clarity, Class A-2 Preferred Members shall, by vote of a Majority of the Class A-2 Preferred (or a Majority of the Class C Common, if no Class A-2 Preferred Shares are outstanding), have the exclusive right to fill such vacant Director position (and, thereafter, designate, appoint, remove and replace such Director). Except as otherwise expressly stated herein, this Section 6.03 is the exclusive means by which Directors may be removed or replaced.

(b) The GM Investor may elect any one (1) of the Directors to be the Chairman of the Board of Directors (the “**Chairman**”). The Chairman, if any, may be removed from his or her position as Chairman at any time by the GM Investor. The Chairman, in his or her capacity as the Chairman, shall not have any of the rights or powers of an Officer. The Chairman shall preside at all meetings of the Board of Directors and at all meetings of the Members at which he or she shall be present. The Chairman may be the chief executive officer, or have another officer position, at GM (or any of its Affiliates) or the Company (or any of its Subsidiaries).

(c) To the extent permitted by law, each Member shall vote all voting securities of the Company over which such Member has voting control, and shall take all other necessary or desirable actions within such Member’s control (whether in such Member’s capacity as a Member, Director, member of a board committee or Officer of the Company or otherwise, and including attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), and the Company shall take all necessary and desirable actions within its control (including calling special Board of Directors or member meetings), so that the provisions of this Section 6.03 are promptly complied with and that the composition of the Board of Directors is consistent with the terms and conditions of this Section 6.03.

(d) Any A-2 Preferred Director or Common Director may authorize any other Director to act for such Director by proxy on any matter brought before the Board of Directors for a vote, which proxy may be granted orally or in writing by the applicable Director. Any such proxy shall be revocable at the pleasure of the Director granting it, provided that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

**6.04 Board Observer.** Following the receipt of SoftBank CFIUS Approval and subject to Section 6.05, SoftBank shall have the exclusive right, for so long as SoftBank owns the SoftBank Floor Amount, to designate one natural person to attend all meetings of the Board of Directors in a non-voting observer capacity (the “**SoftBank Board Observer**”). Following the receipt of Honda CFIUS Approval and subject to Section 6.05, Honda shall have the exclusive right, for so long as Honda owns the Honda Floor Amount, to designate one natural person to attend all meetings of the Board of Directors in a non-voting observer capacity (the “**Honda Board Observer**”), and together with the SoftBank Board Observer, the “**Board Observers**”). The following terms and conditions will apply to the Board Observers:

(a) The Company shall deliver to (i) the SoftBank Board Observer copies of all reports, notices, minutes, consents, actions taken or proposed to be taken without a meeting and other materials in each case (and to the extent) that the Company provides the same to the SoftBank Director, each such delivery to be made concurrently with the delivery of such materials to the SoftBank Director and (ii) the Honda Board Observer copies of all reports, notices, minutes,

consents, actions taken or proposed to be taken without a meeting and other materials in each case (and to the extent) that the Company provides the same to the Board of Directors, subject to the restrictions set forth in Section 6.14, each such delivery to be made concurrently with the delivery of such materials to the Board of Directors; provided, that failure to deliver any such notice or materials to any Board Observer shall not impair the validity of any action taken by the Board of Directors;

(b) the Board Observers shall be entitled to attend all meetings of the Board of Directors in person or by telephone, and the Company shall ensure that appropriate arrangements are made such that the Board Observers will be able to hear everyone during any meeting of the Board of Directors at which the Board Observers participate by telephone; provided, that (i) the SoftBank Board Observer may be excluded from access to any portion of any meeting to the same extent as the SoftBank Director (or, in the event the SoftBank Director is not appointed, as if the SoftBank Director were so appointed) would be so excluded (or recused) pursuant to the terms hereof and (ii) the Honda Board Observer may be excluded from access to any portion of any meeting to the extent that matters with respect to which Honda Competitively Sensitive Information is shared, presented or discussed;

(c) the Board Observers shall be observers only, shall not be actual members of the Board of Directors and shall not have any of the rights, duties or obligations of a Director (including that the Board Observers shall not have the right to vote on any matter that may come before the Board of Directors). The Board Observers shall not count towards any quorum;

(d) subject to Section 6.04(f), SoftBank has the right to remove and replace or substitute the SoftBank Board Observer from time to time by providing written notice to the Company;

(e) subject to Section 6.04(g), Honda has the right to remove and replace or substitute the Honda Board Observer from time to time by providing written notice to the Company;

(f) upon such time as SoftBank owns less than the SoftBank Floor Amount, the SoftBank Board Observer shall be automatically removed and shall cease to have any of the rights contemplated by this Section 6.04, and the right of SoftBank to designate, appoint, remove and replace the SoftBank Board Observer shall be null and void;

(g) upon such time as Honda owns less than the Honda Floor Amount, the Honda Board Observer shall be automatically removed and shall cease to have any of the rights contemplated by this Section 6.04, and the right of Honda to designate, appoint, remove and replace the Honda Board Observer shall be null and void; and

(h) prior to appointment, the Board Observers will each enter into a confidentiality agreement with the Company, on terms mutually acceptable to the Board of Directors and the Board Observers.

**6.05 Director Appointee Screening.** Unless otherwise agreed in writing by SoftBank and the GM Investor in the case of the SoftBank Director and SoftBank Board Observer, or Honda

and the GM Investor in the case of the Honda Board Observer, each Person selected pursuant to Section 6.03(a) from time to time to serve as the SoftBank Director or a Board Observer (a) (i) in the case of the Softbank Director or Softbank Board Observer must be a U.S. citizen and (ii) in the case of the Honda Board Observer must be a U.S. or Japanese citizen; (b) (i) in the case of the SoftBank Director or SoftBank Board Observer, must not be (A) an employee, director (or board observer), manager, officer or consultant of any SoftBank Restricted Person or (B) a Person who has direct or indirect control, influence or management oversight of Persons who are employees, directors (or board observer), managers, officers or consultants of a SoftBank Restricted Person and (ii) in the case of the Honda Board Observer, must not be (A) an employee of or a consultant of Honda R&D Co., Ltd. (“**Honda R&D Co**”) or any successor thereof or (B) have direct or indirect control, influence or management oversight of employees, directors, managers, officers or consultants of Honda R&D Co or any successor thereof; (c) in the case of the SoftBank Director or SoftBank Board Observer, must not be a member of any investment committee (or similar body) of any Person whose other members include one or more Persons that are described in subsection (b)(i); (d) must not (i) be a “bad actor” as defined in Rule 506(d)(1) of the Securities Act or (ii) have been convicted of a felony (excluding driving under the influence) or any crime involving moral turpitude; and (e) shall be subject to the prior written approval of the Majority of the Class A-2 Preferred. If any nominee for the position of SoftBank Director or either of the Board Observers is rejected by the Majority of the Class A-2 Preferred, such Person shall not be nominated or appointed as a Director or either Board Observer, as applicable. If, at any time following the appointment of any SoftBank Director or any Board Observer, the Majority of the Class A-2 Preferred believes that such SoftBank Director or Board Observer no longer satisfies the applicable criteria described in clauses (a) through (d) above, the Majority of the Class A-2 Preferred may deliver written notice thereof to the Majority of the Class A-1 Preferred in the case of the SoftBank Director or SoftBank Board Observer or Honda, in the case of the Honda Board Observer and the Board of Directors in any case. If, following reasonable consultation with SoftBank or Honda, as applicable, the Board of Directors determines that such criteria are not met, such SoftBank Director or Board Observer (as applicable) will be deemed automatically removed, without recourse, as a Director or Board Observer (as applicable) and SoftBank or Honda, as applicable, shall have the right to fill the resulting vacancy as contemplated by Section 6.03 and Section 6.04 but subject to this Section 6.05. If no Class A-2 Preferred Shares are outstanding, references in this Section 6.05 to a Majority of the Class A-2 Preferred will be deemed to be to a Majority of the Class C Common.

**6.06** **Tenure of Directors.** Each Director shall hold office until the earliest of such Person’s death, resignation, removal or replacement (or, in the case of the SoftBank Director, such time as SoftBank owns less than the SoftBank Floor Amount).

**6.07** **Committees.** The Board of Directors may establish one or more committees, each committee to consist of one or more of the Directors. Each Director serving on any such committee shall have one (1) vote. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the power and authority of the Board of Directors. The vote of a Majority of a Committee is required for any action or decision of a committee requiring the consent or approval of such committee, unless determined by the Board of Directors or the applicable committee (by vote of a Majority of a Committee). The procedures governing the meetings and actions of any committee shall be the same as those governing the Board of Directors

pursuant to this Article VI (including quorum, voting, notice and other similar requirements), unless otherwise determined by the Board of Directors or the applicable committee (by a vote of a Majority of a Committee).

**6.08 Director Compensation.** No Director shall be entitled to compensation for acting as a Director. However, the Company shall reimburse each Director for all reasonable out-of-pocket expenses which such Director shall incur in connection with the performance of such Person's duties as a Director. Notwithstanding the foregoing, nothing contained in this Agreement shall be construed to preclude any Director from serving the Company or any of its Subsidiaries in any other capacity and receiving compensation for such service.

**6.09 Director Resignation.** Any Director may resign at any time by giving written notice to the Board of Directors and the secretary of the Company. The resignation of any Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**6.10 Vacancies.** When any Director shall resign or otherwise cease to serve as Director, such vacancy shall be filled in accordance with Section 6.03. Unless otherwise provided by the Member(s) entitled to designate such replacement Director, the replacement shall take effect when such resignation or cessation shall become effective. No vacancy on the Board of Directors shall prevent the operation and functioning of the Board of Directors subject to the terms and conditions hereof.

**6.11 Meetings.** The Board of Directors shall meet at such times and at such places (either within or outside of the State of Delaware) as determined in accordance with this Section 6.11. Minutes of any formal meeting of the Board of Directors shall be kept and placed in the Company's records. Notwithstanding anything to the contrary in this Agreement, any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if written consent(s) setting forth the action so taken shall be signed by a Majority of the Board, such written consent(s) to be provided as promptly as reasonably practicable by the Company to the SoftBank Board Observer (only in the event that the SoftBank Director is not serving on the Board of Directors) and the Honda Board Observer. Meetings of the Board of Directors shall be held on the call of the Chairman, the Board of Directors or at the request of either the Majority of the Class A-2 Preferred or a Majority of the Class C Common upon at least three (3) Business Days written notice to the Directors and the SoftBank Board Observer (only in the event that the SoftBank Director is not serving on the Board of Directors) and the Honda Board Observer (or upon such shorter notice as may be approved by all of the Directors) and such notice shall include the place, day and hour of such meeting, it being acknowledged and agreed that whether such meeting is to be held by telephone communications or video conference shall be determined by the Chairman; provided, that the Board of Directors shall meet (whether in person or by any other means contemplated by Section 6.12) no less frequently than four (4) times per Fiscal Year (or less frequently as may be approved by all of the Directors). Meetings of the Directors or any committee designated by the Directors may be held without notice at any time that all Directors are present in person (each such meeting, an "Emergency Meeting"), and presence of any Director at a meeting constitutes waiver of notice of

such meeting except as otherwise provided by law. Any resolutions passed at an Emergency Meeting shall be provided as promptly as reasonably practicable by the Company to the SoftBank Board Observer (only in the event that the SoftBank Director is not serving on the Board of Directors) and the Honda Board Observer.

**6.12 Meetings by Telephone.** Directors may participate in a meeting of the Board of Directors or a committee thereof by means of conference telephone, videoconference or similar communications equipment by which all Persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

**6.13 Quorum; Actions of Board of Directors; SoftBank Minority Consent Rights.** A quorum at all meetings of the Directors shall consist of members of the Board of Directors constituting a Majority of the Board (present in person or by proxy), but a smaller number may adjourn any such meeting from time to time without further notice until a quorum is secured. The quorum for the holding of a meeting of a committee of the Board of Directors shall be a Majority of a Committee of such committee. Each Director shall have one (1) vote on all matters submitted to the Board of Directors (whether the consideration of such matter is taken at a meeting, by written consent or otherwise). The vote of (or written consent signed by) a Majority of the Board shall be required for any action, decision or approval by the Board of Directors; provided, that for so long as SoftBank owns the SoftBank Floor Amount, the Company shall not, and shall not permit any Subsidiary of the Company to, take any of the following actions without the approval of a Majority of the Board which majority shall include the vote in favor of the SoftBank Director, or by written consent signed by the Majority of the Board which shall also include the signature of the SoftBank Director:

(a) make any alteration or amendment or waiver to this Agreement or the organizational documents of any Subsidiary of the Company in a manner that is adverse to rights of the Class A-1 Preferred Shares; provided, that this Section 6.13(a) will not apply to any of the following: (i) the addition of Members to the Company or the issuance of Shares or other Equity Securities of the Company (whether of a new or an existing class), in each case, in accordance with the terms of this Agreement, and any amendment(s) to this Agreement in connection with implementing such issuance or addition of such Member(s) (including the updating of the Members Schedule in connection therewith) or the granting of any rights to one or more Members in connection with such issuance in accordance with the terms of this Agreement, (ii) any amendment(s) to this Agreement in connection with the preparation for or consummation of an IPO that do not adversely affect the Class A-1 Preferred Shares in a manner which is disproportionate to the other Shares (except as contemplated by Section 9.10) or (iii) to correct any typographical or similar ministerial errors. In determining whether an amendment adversely affects the rights of the Class A-1 Preferred Shares, only the rights related thereto shall be considered, and any other relationship(s) the Class A-1 Preferred Members may have with the Company, any of its Subsidiaries or the other Members shall not be considered and no characteristic of the Class A-1 Preferred Members other than the rights relating to the Class A-1 Preferred Shares shall be considered;

(b) without prejudice to Sections 5.08(b)(i)(B), 5.08(b)(i)(C) and 5.08(b)(ii), enter into any transaction, arrangement or agreement between the Company or any of its

Subsidiaries, on the one hand, and GM or any of its Affiliates on the other hand, except in each case for any such transaction, arrangement or agreement, (i) on terms, as determined by the Board of Directors acting in good faith, that are no less favorable, in all material respects, than those the Company would agree to with any Person who is not GM or any of its Affiliates; provided, that for any such transaction, arrangement or agreement, the Board of Directors may (but shall not be obligated to) obtain (A) an opinion of an independent auditor or independent outside counsel that the requirements of subsection (i) have been satisfied or (B) approval of a majority of the Independent Directors (to the extent any are appointed), and such opinion or approval shall be conclusive evidence that the requirements of subsection (i) have been satisfied and shall be binding on the Members (it being understood that failure to obtain such opinion or approval shall not, in and of itself, be evidence that the requirements of subsection (i) have not been satisfied); (ii) contemplated by the Transaction Documents or the Commercial Agreements (as the same may be amended from time to time in accordance with the provisions thereof), or which is otherwise on terms consistent with the Commercial Agreements; or (iii) providing for the issuance of Equity Securities pursuant to Section 2.06;

(c) issue any Equity Securities that have rights, preferences or privileges with respect to Distributions, (i) senior to the rights of the Class A-1 Preferred Shares in Sections 3.01(b)(i) or 3.02(a)(i) or (ii) at any time prior to the first (1st) anniversary of Commercial Deployment, *pari passu* with the rights of the Class A-1 Preferred Shares in Sections 3.01(b)(i) or 3.02(a)(i) (the “**Par Securities**”); provided, that this subsection (ii) will not apply to the first \$1,000,000,000 of new Par Securities issued (with such amount being calculated based on the consideration paid by the recipient(s) of such Par Securities); or

(d) consummate an IPO, prior to the third (3rd) anniversary of the date of this Agreement, pursuant to which Class A-1 Preferred Members would receive Low-Vote IPO Shares that, at the time of the IPO, had (i) with respect to Class A-1-A Preferred Shares a per share market value less than the Class A-1-A Liquidation Preference Amount or (ii) with respect to Class A-1-B Preferred Shares a per share market value less than the Class A-1-B Liquidation Preference Amount (such aggregate shortfall for each Class A-1 Preferred Member, the “**IPO Shortfall**”); provided, that this Section 6.13(d) will not apply if:

(i) the Board of Directors, at or prior to the consummation of such an IPO (other than an IPO with no primary issuance or that constitutes a spin-off), causes the Company to make an irrevocable written commitment to each Class A-1 Preferred Member pursuant to which the Company will provide to such Class A-1 Preferred Member additional Low-Vote IPO Shares and/or cash equal to the aggregate IPO Shortfall that would be suffered by such Class A-1 Preferred Member; or

(ii) in the case of such an IPO with no primary issuance or that constitutes a spin-off, at or prior to the consummation of such IPO the IPO'd entity enters into a binding agreement providing that, if based on the thirty (30)-day variable weighted average share price of the IPO'd entity immediately following such IPO there exists an IPO Shortfall, such entity will issue to the former Class A-1 Preferred Members additional Low-Vote IPO Shares and/or cash equal to the aggregate IPO Shortfall.



Notwithstanding anything to the contrary in this Agreement, if at any time the SoftBank Director has not been appointed to the Board of Directors or there is otherwise a vacancy with respect to the SoftBank Director and, in each case, SoftBank continues to own the SoftBank Floor Amount, none of the foregoing actions in this Section 6.13 shall be taken without the approval of the Majority of the Class A-1 Preferred. For clarity, if the rights in this Section 6.13(a) through (d) are amended or cease to apply pursuant to Sections 2.02(c)(ii) or 2.02(d), such rights will also be amended or cease to apply (as applicable) with respect to the Majority of the Class A-1 Preferred (to the extent rights were granted pursuant to the prior sentence).

**6.14 Competitively Sensitive Information.**

(a) Notwithstanding anything to the contrary in this Agreement (and subject further, and without prejudice, to Section 8.03), in the event that any written or oral materials that contain SoftBank Competitively Sensitive Information will be shared with or presented to the Board of Directors, the Company shall withhold any such materials such that the SoftBank Competitively Sensitive Information is only shared or discussed with, or presented for review only to, the A-2 Preferred Directors and the Common Director (and decisions relating thereto), and each other Director (and the SoftBank Board Observer) shall recuse himself or herself from the portion(s) of the meeting at which any such matters are shared, presented or discussed; provided, that the Company will (a) only redact that portion of any written materials which constitutes SoftBank Competitively Sensitive Information, provide the redacted document to the recused Directors and permit the recused Directors to participate in such portion of any meeting or discussion that relates solely to the unredacted sections of such materials, and (b) inform each Director that SoftBank Competitively Sensitive Information will be shared with or presented to the Board of Directors at least one (1) Business Day in advance of such materials being shared or presented

(b) Notwithstanding anything to the contrary in this Agreement (and subject further, and without prejudice, to Section 8.03), in the event that any written or oral materials that contain Honda Competitively Sensitive Information will be shared with or presented to the Board of Directors, the Company shall withhold any such materials such that the Honda Competitively Sensitive Information is only shared or discussed with, or presented for review only to, the Directors (and decisions relating thereto) (provided, that, this Section 6.14(b) is without prejudice to Section 6.14(a)), and the Honda Board Observer shall recuse himself or herself from the portion(s) of the meeting at which any such matters are shared, presented or discussed; provided, that the Company will (a) only redact that portion of any written materials which constitutes Honda Competitively Sensitive Information, provide the redacted document to the recused Honda Board Observer and permit the recused Honda Board Observer to participate in such portion of any meeting or discussion that relates solely to the unredacted sections of such materials, and (b) inform each Director and the Honda Board Observer that Honda Competitively Sensitive Information will be shared with or presented to the Board of Directors at least one (1) Business Day in advance of such materials being shared or presented.

**6.15 Officers.** The Board of Directors may from time to time appoint individuals as officers of the Company (“**Officers**”). The Officers of the Company shall have such titles, duties,

authority and compensation (if any) as shall be fixed by the Board of Directors from time to time. Any Officer may be removed, with or without cause, at any time by the Board of Directors.

## **ARTICLE VII EXCULPATION AND INDEMNIFICATION**

**7.01 Exculpation.** No Officer shall be liable to any other Officer, the Company or any Member for any loss suffered by the Company or any Member; provided, that subject to the other limitations contained in this Agreement, this sentence shall not apply with respect to losses caused by such Person's fraud, gross negligence, intentional misconduct or intentional breach of this Agreement or breach of any duty owed to the Company or to any other Member. Without limiting the foregoing, the Officers shall not be liable for any acts or omissions that do not constitute fraud, gross negligence, intentional misconduct or intentional breach of this Agreement or breach of any duty owed to the Company or to any other Member. No Director shall be liable to any other Director, the Company or any Member for any loss suffered by the Company or any Member to the maximum extent permitted pursuant to the DGCL (as the same exists or may hereafter be amended (but in the case of any amendment, only to the extent such amendment permits the Company to provide broader exculpation than the Company was permitted to provide prior to such amendment)) with respect to directors of corporations (assuming such corporation had in its certificate of incorporation a provision eliminating the liabilities of directors and officers to the maximum extent permitted by Section 102(b)(7) of the DGCL).

**7.02 Indemnification.**

(a) Subject to the limitations and conditions as provided in this Article VII, each Covered Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, claim, dispute, litigation, complaint, charge, claim, grievance, hearing, audit, arbitration, or mediation, whether civil, criminal, administrative or arbitral, at law or at equity, or any appeal therefrom, or any inquiry, or investigation that could lead to any of the foregoing (each of the foregoing, a "**Proceeding**"), by reason of the fact that he, she or it, or a Person of whom he or she is the legal representative, is or was a Member (in the case of a Member for all purposes of this Section 7.02, solely by reason of such Member's status as a Member and not with respect to any actions taken, or the failure to take an action, by such Person as a Member) or other Covered Person, shall be indemnified by the Company to the fullest extent permitted by the Act or, in the case of Directors, to the fullest extent permitted by the DGCL for a director of a Delaware corporation (assuming such corporation had in its certificate of incorporation a provision eliminating the liabilities of directors and officers to the maximum extent permitted by Section 102(b)(7) of the DGCL), as (in the case of each of the DGCL and the Act) the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including attorneys' fees) or any other amounts incurred by such Person in connection with such Proceeding, and indemnification under this Article VII shall continue as to a Covered Person who has ceased to serve in the capacity which initially entitled

such Person to indemnify hereunder; provided, that except to the extent a Person is entitled to or receives exculpation pursuant to Section 7.01 or as expressly provided for in any Commercial Agreement or Transaction Document, no Covered Person shall be indemnified for any judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements or reasonable expenses (including attorneys' fees) actually incurred by such Covered Person that are attributable to: (i) Proceedings initiated by such Covered Person or Proceedings by such Covered Person against the Company, (ii) economic losses or tax obligations incurred by a Covered Person as a result of owning Shares or (iii) Proceedings initiated by the Company or any of its Subsidiaries against any such Covered Person, including Proceedings to enforce any rights against such Covered Person under any employment, consulting, services or other agreement between such Person, on the one hand, under the Transaction Documents, Share Grant Agreement, the Honda Commercial Agreements or the Honda Purchase Agreement.

(b) Expenses (including attorneys' fees) incurred by a Covered Person in defending any civil, criminal, administrative or investigative action, suit or proceeding with respect to a Designated Matter shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Covered Person to repay such amount to the extent it shall ultimately be determined that such Covered Person is not entitled to indemnity under this Section 7.02.

(c) Recourse by a Covered Person for indemnity under this Section 7.02 shall be only against the Company as an entity and no Member shall by reason of being a Member be liable for the Company's obligations under this Section 7.02 or otherwise be required to make additional Capital Contributions to help satisfy such indemnity obligations of the Company.

(d) The Company may enter into a separate agreement to indemnify any Covered Person as to any matter (whether or not a Designated Matter) to the extent such agreement is approved by the Board of Directors. Any such separate agreement shall be in addition to (and not in limitation of) the rights set forth in this Section 7.02 or elsewhere in this Agreement and shall not, unless expressly set forth in such separate agreement, be subject to any limitations or conditions set forth in this Section 7.02 or elsewhere in this Agreement.

(e) The indemnification and advancement of expenses provided by, or granted pursuant to, the other provisions of this Section 7.02 shall not be deemed to be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any agreement, both as to action in his, her or its official capacity and as to action in another capacity while holding such position or related to the Company, and shall continue as to any Person who has ceased to be a Covered Person (or successor or assignee of a Covered Person) and shall inure to the benefit of the heirs, representatives, successors and assigns of such Covered Person.

(f) The Company may purchase and maintain insurance for the benefit of any Covered Person with respect to any Designated Matter, whether or not the Company must or could indemnify such Covered Person under this Section 7.02.

(g) This Article VII shall inure to the benefit of the Covered Persons and their heirs, representatives, successors and assigns, and it is the express intention of the parties hereto

that the provisions of this Article VII for the indemnification and exculpation of the Covered Persons may be relied upon by such Covered Persons and may be enforced by such Covered Person against the Company pursuant to this Agreement or to a separate indemnification agreement, as if such Covered Persons were parties hereto.

**7.03** **No Personal Liability.** No individual who is a Director or an Officer, or any combination of the foregoing, shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise solely by reason of being a Director or an Officer or any combination of the foregoing.

## **ARTICLE VIII**

### **BOOKS AND RECORDS; INFORMATION; RELATED MATTERS; COMPLIANCE**

**8.01** **Generally.** The Company shall (and shall cause its Subsidiaries to) maintain books and records of account in which full and correct entries shall be made of all of their business transactions pursuant to a system of accounting established and administered in accordance with GAAP. The Company shall (and shall cause its Subsidiaries to) implement financial controls reasonably designed to provide adequate assurance that payments will be made by or on behalf of the Company and its Subsidiaries only in accordance with the instructions of the Board of Directors or, as applicable, management to whom the Board of Directors has delegated such authority.

**8.02** **Delivery of Financial Information.**

(a) The Company shall deliver to (i) (A) SoftBank, for so long as SoftBank owns the SoftBank Floor Amount and (B) Honda, for so long as Honda owns the Honda Floor Amount, and, in each case of clauses (A) and (B), subject to Section 8.03, and (ii) the GM Investor:

(i) as soon as practicable, but in any event within one hundred twenty (120) days (or, with respect to the Fiscal Year ending December 31, 2018, one hundred fifty (150) days), following the end of each Fiscal Year beginning with the Fiscal Year ending December 31, 2018, audited annual financial statements (including balance sheet, income statement, statement of cash flow and statement of members' equity) and accompanying notes of the Company and its Subsidiaries (on a consolidated basis), prepared in accordance with GAAP (except as may be indicated in the notes thereto);

(ii) as soon as practicable, but in any event within forty-five (45) days, following the end of each of the first three fiscal quarters of each Fiscal Year of the Company beginning with the fiscal quarter ending September 30, 2018, unaudited financial statements (including balance sheet, income statement, statement of cash flow and statement of members' equity) of the Company and its Subsidiaries (on a consolidated basis), prepared in accordance with GAAP (except as may be indicated in the notes thereto and subject to the absence of footnote disclosures, normal year-end adjustments and such other departures from GAAP as the Board of Directors may authorize); provided, that quarterly information provided before delivery of the first annual audited financial statements is subject to revision as part of the implementation of standalone financial reporting capabilities;

(iii) as soon as practicable, but in any event within thirty (30) days after the end of each month, unaudited trial balances of the Company and its Subsidiaries (on a consolidated basis); provided, that such management accounts will only be required to be delivered to the extent they are otherwise prepared by management of the Company in the ordinary course of business (and in such case shall only be required to be in such form as so otherwise prepared) and, for the avoidance of doubt, any monthly financial information may not include all adjustments necessary to reflect the Company and its Subsidiaries (on a consolidated basis) on a standalone basis in accordance with GAAP and any monthly information provided before the delivery of the first annual audited financial statements is subject to revision as part of the implementation of standalone financial reporting capabilities;

(iv) as soon as practicable, but in any event within thirty (30) days after the end of each fiscal quarter of each Fiscal Year of the Company, the Members Schedule; and

(v) as soon as reasonably practicable following the end of each Fiscal Year beginning with the Fiscal Year ending December 31, 2018, a budget and business plan for the Company for the then current Fiscal Year. Such budget and business plan will be the same as was shared with the Board of Directors and will include a level of detail reasonably customary for entities of a size and nature similar to the Company.

**8.03 Technical Information.** Except to the extent required pursuant to the Honda Commercial Agreements, but notwithstanding anything else to the contrary in this Agreement, the Company will not provide (and nothing in this Article VIII or otherwise in this Agreement will require the Company or any of its Directors or employees to provide) any Technical Information to any Class A-1 Preferred Member, Class D Member, Class E Member, the SoftBank Director or either of the Board Observers.

**8.04 Applicable ABAC/AML/Trade Laws.**

(a) The Company covenants and agrees that the Company, any Subsidiaries it establishes and any Associated Person of either the Company or any of its Subsidiaries shall comply with all Applicable ABAC Laws, Applicable AML Laws and Applicable Trade Laws.

(b) The Company covenants and agrees that the Company, any Subsidiaries it establishes and any Associated Person of either the Company or any of its Subsidiaries shall not use any funds received from GM, SVFA, SoftBank or Honda in violation of Applicable Trade Laws, including, directly or indirectly, for the benefit of any Blocked Person.

(c) If it has not already done so, the Company shall adopt and implement within forty-five (45) days of executing this Agreement policies and procedures designed to prevent the Company and its Affiliates as well as any Associated Person of either the Company or any of its Affiliates from engaging in any activity, practice or conduct that would violate any of the Applicable ABAC Laws, Applicable AML Laws or Applicable Trade Laws. Such policy and procedures shall be consistent with the guidance that has been provided by government authorities in the United Kingdom and United States of America having authority to administer and prosecute violations of such laws and regulations.

(d) The Company shall confirm in writing to SoftBank upon written request (which such request shall be made no more frequently than once each fiscal year) that it and any Subsidiaries it establishes have complied with the undertakings in this Section 8.04.

(e) If the Company or any Subsidiaries it establishes has knowledge or reasonable cause to believe after reasonable investigation that the Company, any of its Subsidiaries or any Associated Person of the Company or any of its Subsidiaries has materially violated any of the Applicable ABAC Laws, Applicable AML Laws and/or Applicable Trade Laws, it shall notify SoftBank promptly in writing of its suspicion or belief and keep SoftBank apprised of material developments concerning such violation; provided further, for the avoidance of doubt, that neither the Company nor any of the Company's Subsidiaries shall be obligated to waive their attorney-client privilege to satisfy the foregoing obligation.

**8.05** **Notice to Honda of an OEM Investment.** The Company shall provide the Class E Member with written notice of an OEM Investment through the Honda Board Observer prior to the execution of the definitive agreement with respect to the consummation of such OEM Investment.

**ARTICLE IX**  
**TRANSFERS OF COMPANY INTERESTS;**  
**ADMISSION OF NEW MEMBERS; GM CALL**

**9.01** **Limitations on Transfer.**

(a)

(i) Prior to the SoftBank Trigger Date, (A) no Class A-1 Preferred Shares, Class D Common Shares or any other Equity Securities held by SoftBank, SVFA or any of their Affiliates and (B) no Class B Common Shares, may be Transferred or offered to be Transferred without the prior written approval of each of the GM Investor and the Board of Directors and any such Transfer or offer to Transfer such Shares, other Equity Securities or interests therein or rights relating thereto shall be null and void *ab initio* and of no effect whatsoever.

(ii) Prior to the Honda Trigger Date, no Class E Common Shares or any other Equity Securities held by Honda or any of its Affiliates, may be Transferred or offered to be Transferred without the prior written approval of each of the GM Investor and the Board of Directors and any such Transfer or offer to Transfer such Shares, other Equity Securities or interests therein or rights relating thereto shall be null and void *ab initio* and of no effect whatsoever.

(iii) Sections 9.01(a)(i) and 9.01(a)(ii) (1) will not apply to any Transfer pursuant to Sections 2.02(c), 2.10, 9.02, 9.07, 9.08, 9.09, 9.10 or 9.12 (such Transfer, an “**Excluded Transfer**”) and (2) will cease to apply upon consummation of an IPO. For clarity, except as set forth in Section 9.01(b), no Class A-2 Preferred Member or Class C Member is subject to any restrictions on Transfer of its Class A-2 Preferred Shares or Class C Common Shares.

(iv) From and after the SoftBank Trigger Date, the limitations on Transfer set forth in Sections 9.01(a)(i) will cease to apply; provided, that following the SoftBank Trigger

Date and prior to the consummation of an IPO no Transfer of Class A-1 Preferred Shares, Class D Common Shares or any other Equity Securities held by SoftBank, SVFA or any of their Affiliates will be permitted unless the holder of such Shares shall have first complied with the provisions of Section 9.01(a)(v). From and after the Honda Trigger Date, the limitations on Transfer set forth in Section 9.01(a)(ii) will cease to apply; provided, that following the Honda Trigger Date, and prior to the consummation of an IPO no Transfer of Class E Common Shares or any other Equity Securities held by Honda or any of its Affiliates will be permitted unless the holder of such Shares shall have first complied with the provisions of Section 9.01(a)(v). Notwithstanding anything to the contrary in this Agreement (including the expiration of the limitations on Transfer set forth in Sections 9.01(a)(i) and 9.01(a)(ii) from and after the SoftBank Trigger Date or the Honda Trigger Date, as applicable, but prior to the consummation of the IPO), at no time may (a) Class A-1 Preferred Shares, Class D Common Shares or any other Equity Securities held by SoftBank or any of its Affiliates, be Transferred to a SoftBank Restricted Person without the prior written approval of each of the GM Investor and the Board of Directors or (b) Class E Common Shares or any other Equity Securities held by Honda or any of its Affiliates, be Transferred to a Honda Restricted Person without the prior written approval of each of the GM Investor and the Board of Directors.

(v) At least fifteen (15) days (or such shorter period as may be consented to by the Board of Directors) prior to entering into any definitive agreement (a “**Binding Transaction Agreement**”) providing for, or entered into in connection with, a proposed Transfer (other than an Excluded Transfer) of (A) Class A-1 Preferred Shares, Class D Common Shares or any other Equity Securities held by SoftBank, SVFA or any of their Affiliates, in each case from and after the SoftBank Trigger Date or (B) Class E Common Shares or any other Equity Securities held by Honda or any of their Affiliates from and after the Honda Trigger Date, such Member proposing to make such a Transfer (the “**Transferor**”) shall deliver a written notice (the “**ROFR Notice**”) to the Board of Directors and the GM Investor, specifying in reasonable detail the identity of the prospective transferee(s), the number and class of Shares or other Equity Securities proposed to be Transferred (the “**ROFR Offered Shares**”) and the price and other terms and conditions of the proposed Transfer. No Transferor shall enter into a Binding Transaction Agreement or consummate such proposed Transfer before the GM ROFR Date (or such shorter period as consented to by the Board of Directors). Following receipt of the ROFR Notice, the GM Investor may elect to purchase all (but not less than all) of the ROFR Offered Shares at the price set forth in the ROFR Notice and otherwise on Equivalent Terms, by delivering (or one of its Affiliates delivering) written notice (a “**GM ROFR Notice**”) of such election to the relevant Transferor(s) within ten (10) days after delivery of the ROFR Notice (such 10th day, the “**GM ROFR Date**”). If the GM Investor (or one of its Affiliates) does not deliver a GM ROFR Notice electing to purchase all of the ROFR Offered Shares at the price set forth in the ROFR Notice and otherwise on Equivalent Terms on or prior to the GM ROFR Date, then the applicable Transferor(s) may sell all, but not less than all, of the ROFR Offered Shares to the Person identified in the ROFR Notice for a per Share amount equal to or greater than, and on other terms no less favorable to Transferor than, the price and other terms set forth in the ROFR Notice, in each case within one hundred twenty (120) days following the GM ROFR Date. Any ROFR Offered Shares not Transferred within such one hundred twenty (120)-day period shall again be subject to the provisions of this Section 9.01(a)(v) prior to any subsequent Transfer. If the GM Investor has elected to purchase the ROFR Offered Shares in accordance with this Section 9.01(a)(v), then such purchase shall be consummated as soon as practicable after the delivery of the GM

ROFR Notice to the Transferor(s), but in any event within one hundred twenty (120) days after the delivery of such GM ROFR Notice. If the consideration proposed to be paid for the ROFR Offered Shares in the ROFR Notice is in property, services or other non-cash consideration, then the fair market value of such non-cash consideration shall be equal to the Fair Market Value thereof. The GM Investor shall pay the cash equivalent of such Fair Market Value of any such property, services or other non-cash consideration proposed to be paid in the ROFR Notice.

(b) Notwithstanding any other provision in this Agreement to the contrary, no Transfer of Shares may be made unless, in the opinion of counsel for the Company, satisfactory in form and substance to the Board of Directors (which opinion requirement, or one or more components thereof, may be waived, in whole or in part by the Board of Directors), such Transfer would not result in (i) a violation of any applicable United States federal or state securities laws, (ii) unless waived by the Board of Directors, the Company being required to register as an investment company under the Investment Company Act of 1940 or any other federal or state securities laws or (iii) other than pursuant to Section 9.10, the Company being required to register under Section 12(g) of the Securities Exchange Act of 1934. As a condition to the Company recognizing the effectiveness of any Transfer of Shares, the Board of Directors may require the transferor and/or transferee, as the case may be, to execute, acknowledge and deliver to the Company such instruments of transfer, assignment and assumption and such other certificates, representations and documents, and to perform all such other acts, which the Board of Directors may reasonably deem necessary or desirable to (A) verify the Transfer, (B) confirm that the proposed transferee has accepted, assumed and agreed to be subject and bound by all of the terms, obligations and conditions of this Agreement (whether or not such Person is to be admitted as a new Member) and (C) assure compliance with applicable state and federal laws, including securities laws and regulations. For the purposes of this Article IX, any transfer, sale, assignment, pledge, encumbrance or other direct or indirect disposition of shares or other interests of any Person which is an entity and a substantial portion of the assets of which are, directly or indirectly, Shares or other Equity Securities, or which is intentionally designed to, or has the effect of, circumventing the intention of the Transfer restrictions in this Agreement, shall be deemed to be a Transfer of Shares or Equity Securities (as applicable). Each Member as to which the immediately preceding sentence applies shall cause its direct and indirect interest holders to comply with the provisions of this Article IX.

(c) No Transfer of Class A-1 Preferred Shares may be consummated (and any process pursuant to Section 9.01(a)(v) shall be suspended if a Call Notice is delivered pursuant to Section 9.12) until such time as the Class A-1/D Purchase pursuant to such Call Notice has been consummated.

(d) Without prejudice to SoftBank's right to consummate the one-time Transfer as permitted by Section 9.02(c), until such time as SoftBank has paid, in full, the Subsequent SoftBank Commitment pursuant to Section 2.02(c), SoftBank (i) shall not make any Transfer if the effect of such Transfer would be that SoftBank ceases to be a Member hereunder and (ii) shall ensure that it has uncalled capital commitments sufficient to pay the Subsequent SoftBank Commitment in full.



## 9.02 Permitted Transfers.

(a) Notwithstanding Section 9.01(a), Class A-1 Preferred Shares, Class D Common Shares, Class B Common Shares and Class E Common Shares may be Transferred by the holder thereof without obtaining the approval of the Board of Directors: (i) in the case of an Employee Member, to a member of the Family Group of the Person to whom such Shares were originally issued (a Transfer pursuant to this clause (i), an “**Exempt Employee Member Transfer**”), (ii) in the case of a Class A-1 Preferred Member or Class D Member, to an Affiliate (other than SoftBank Group Corp. or its Subsidiaries) of such Class A-1 Preferred Member or Class D Member that (A) is owned and controlled, directly or indirectly, by such Class A-1 Preferred Member or such Class D Member, and (B) is not a SoftBank Restricted Person (a Transfer pursuant to this clause (ii), an “**Exempt SoftBank Transfer**”) or (iii) in the case of a Class E Member, (A) to an Affiliate that is not a Honda Restricted Person or (B) subject to compliance with Section 9.01(a)(v), following the consummation of an OEM Restricted Investment, to a Person that is not a Honda Restricted Person (a Transfer pursuant to this clause (iii), an “**Exempt Honda Transfer**”); provided, that any Transfer by the Class E Member must be a Transfer of all of such Class E Member’s equity interests in the Company and (subject only to Section 9.02(c)) the permitted exceptions in this Section 9.02(a) will not apply to any Shares held by SoftBank. If a Permitted Transferee ceases to meet the criteria set forth in (i), (ii) or (iii) of the preceding sentence (as applicable), such Permitted Transferee shall re-transfer (within ten (10) Business Days) the Shares Transferred to such Permitted Transferee to the original transferor (in the case of an Exempt SoftBank Transfer or an Exempt Honda Transfer) or to another member of the Family Group of such transferring Person (in the case of an Exempt Employee Member Transfer) and, pending the completion of such re-transfer, such Permitted Transferee shall not have any rights under this Agreement in respect of such Shares held by him, her or it.

(b) As used herein, a “**Permitted Transferee**” shall constitute any Person, other than the Company, to whom Shares are Transferred pursuant to this Section 9.02.

(c) Notwithstanding Section 9.01(a), SoftBank may, on or prior to September 10, 2018, Transfer all, but not less than all, of its Shares as well as its corresponding rights and obligations under this Agreement (including those set forth in Sections 2.02(c)(i) and 9.01(d)) to SVF or a Sidecar Fund (the “**SVF Transfer**”). Any such Transfer consummated pursuant to and in compliance with this Section 9.02(c) will be deemed to have been approved by the Board of Directors.

## 9.03 Assignee’s Rights and Obligations.

(a) A Transfer of a Share permitted pursuant to this Agreement shall be effective as of the date of assignment and compliance with the conditions to such Transfer, and such Transfer shall be shown on the books and records of the Company. Prior to the date that the Transfer is consummated and the transferee becomes a Member hereunder, such proposed transferee shall be referred to herein as an “**Assignee**”. Distributions made before the effective date of such Transfer, shall be paid to the transferor, and Distributions made after such date shall be paid to the Assignee.

(b) Unless and until an Assignee becomes a Member pursuant to this Article IX, the Assignee shall not be entitled to any of the rights granted to a Member hereunder or under applicable law, other than the rights granted specifically to Assignees pursuant to this Agreement and rights granted to Assignees pursuant to the Act. Further, such Assignee shall be bound by any limitations and obligations contained herein with respect to Members.

(c) Any Member who shall Transfer any Shares or other interest in the Company shall cease to be a Member with respect to such Shares or other interest and shall no longer have any rights or privileges of a Member with respect to such Shares or other interest, except that, unless and until the Assignee is admitted as a Substituted Member in accordance with the provisions of Section 9.04 (the “**Admission Date**”), (i) such assigning Member shall retain all of the duties, liabilities and obligations of a Member with respect to such Shares or other interest and (ii) the Board of Directors may reinstate all or any portion of the rights and privileges of such Member with respect to such Shares or other interest for any period of time prior to the Admission Date. Nothing contained herein shall relieve any Member who Transfers any Shares or other interest in the Company from any liability of such Member to the Company or the other Members with respect to such Shares or other interest that may exist on the Admission Date or that is otherwise specified in the Act and incorporated into this Agreement or for any liability to the Company or any other Person for any breaches of any representations, warranties or covenants by such Member (in its capacity as such) contained herein or in the other agreements with the Company.

(d) For clarity (and notwithstanding anything to the contrary herein), the respective rights of SoftBank and Honda hereunder are personal to SoftBank and Honda, as applicable, (for so long as SoftBank or Honda, as applicable, is a Member), do not attach to the Class A-1 Preferred Shares or Class E Common Shares, or any other class of Shares or Equity Interests, and cannot be assigned by SoftBank or Honda to any other Person, except in connection with an Exempt SoftBank Transfer, an Exempt Honda Transfer pursuant to Section 9.02(a)(iii)(A) (but not, for clarity, Section 9.02(a)(iii)(B)) or, in the case of SoftBank, connection with a Transfer made pursuant to, and in compliance with, Section 9.02(c).

#### **9.04 Admission of Members.**

(a) In connection with the Transfer of a Share of a Member permitted under the terms of this Agreement, the transferee shall not become a Member (a “**Substituted Member**”) until the later of (i) the effective date of such Transfer and (ii) the date on which the Board of Directors approves such transferee as a Substituted Member (such approval not to be unreasonably withheld, conditioned or delayed), and such admission shall be shown on the books and records of the Company

(b) Notwithstanding anything to the contrary that may be expressed or implied in this Agreement, a Person may be admitted to the Company as a Member by the Board of Directors (an “**Additional Member**”). Such admission shall become effective on the date on which such admission is shown on the books and records of the Company.

**9.05 Certain Requirements of Prospective Members.** As a condition to admission to the Company as a Member, each Assignee and Additional Member shall execute and deliver a

joinder to this Agreement in the form attached hereto as Exhibit I or otherwise acceptable to the Board of Directors.

**9.06 Status of Transferred Shares.** Shares that are Transferred shall thereafter continue to be subject to all restrictions and obligations imposed by this Agreement with respect to Shares and Transfers thereof.

**9.07 Tag-Along Rights.**

(a) If any Class A-2 Member or Class C Member (the “**Transferring Holder**”) proposes to Transfer Class A-2 Preferred Shares or Class C Common Shares (or any other Equity Securities held by such Member) to an Independent Third Party prior to an IPO (other than any Transfer (i) as provided in Section 9.08, (ii) as provided in Section 9.09, (iii) in connection with Section 9.10 or (iv) as provided in Section 9.12), then the Transferring Holder(s) shall deliver a written notice (such notice, the “**Tag Notice**”) to the Company, each Class D Member, each Class A-1 Preferred Member and each Class E Member (the “**Participation Members**”) at least thirty (30) days prior to making such Transfer, specifying in reasonable detail the identity of the prospective transferee(s), the number of Class A-2 Preferred Shares or Class C Common Shares (or any other Equity Securities held by such Members) to be Transferred and the price and other terms and conditions of the Transfer. Each Participation Member may elect to participate in the contemplated Transfer in the manner set forth in this Section 9.07 by delivering an irrevocable written notice to the Transferring Holder(s) within fifteen (15) days after delivery of the Tag Notice, which notice shall specify the number of Class A-1 Preferred Shares, Class D Common Shares and Class E Common Shares (or any other Equity Securities held by such Members) that such Participation Member desires to include in such proposed Transfer. If none of the Participation Members gives such notice prior to the expiration of the fifteen (15) day period for giving such notice, then the Transferring Holder(s) may Transfer such Class A-2 Preferred Shares or Class C Common Shares (or any other Equity Securities held by such Members) to any Person at the same price and on other terms and conditions that are no more favorable, in the aggregate, to the Transferring Holder(s) than those set forth in the Tag Notice. If any Participation Members have irrevocably elected to participate in such Transfer prior to the expiration of the fifteen (15) day period for giving notice, each Participation Member shall be entitled to sell in the contemplated Transfer a total number of Class A-1 Preferred Shares with respect to Class A-1 Preferred Members or Class E Common Shares with respect to Class E Members (the “**Tagged Shares**”) to be sold in the Transfer, to be calculated according to the following methodology:

(i) First, all Junior Interests owned by the Transferring Holder are deemed converted (on a Fully Diluted Basis) to Class D Common Shares on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and all Class A-1 Preferred Shares held by all Participation Member(s) are deemed converted to Class D Common Shares pursuant to Section 2.10(b) (collectively the number of Class D Common Shares resulting from the deemed conversion, plus the number of Class D Common Shares held by the Participating Members prior to such deemed conversion, the “**Total Conversion Shares**”). For clarity, such “deemed” conversion pursuant to this Section 9.07(a) shall

solely be for the purposes of calculating the Tagged Shares, and no actual conversion shall occur pursuant to this Section 9.07(a).

(ii) Second, the total number of Shares that are subject to Transfer is determined (the “**Total Tagged Shares**”).

(iii) Third, the Tagged Shares will be:

(A) a number of Class A-1-A Preferred Shares equal to: (1) Total Tagged Shares multiplied by a fraction, (x) the numerator of which is the number of Class D Common Shares into which the Class A-1-A Preferred Shares of such Participation Member were deemed converted pursuant to subsection (i) above, and (y) the denominator of which is the Total Conversion Shares divided by, (2) the A-1-A Preferred Share Conversion Ratio;

(B) a number of Class A-1-B Preferred Shares equal to: (1) Total Tagged Shares multiplied by a fraction, (x) the numerator of which is the number of Class D Common Shares into which the Class A-1-B Preferred Shares of such Participation Member were deemed converted pursuant to subsection (i) above, and (y) the denominator of which is the Total Conversion Shares divided by, (2) A-1-B Preferred Share Conversion Ratio; and

(C) a number of Class D Common Shares equal to: Total Tagged Shares multiplied by a fraction, (1) the numerator of which is the number of Class D Common Shares held by the Participating Member prior to the deemed conversion pursuant to subsection (i) above, and (2) the denominator of which is the Total Conversion Shares.

(D) a number of Class E Common Shares equal to: Total Tagged Shares multiplied by a fraction, (1) the numerator of which is the number of Class E Common Shares held by the Participating Member prior to the deemed conversion pursuant to subsection (i) above, and (2) the denominator of which is the Total Conversion Shares.

(b) Immediately prior to the consummation of the Transfer to the Independent Third Party, the Tagged Shares (other than Class E Common Shares) will be automatically, and without any further action, be actually converted into Class D Common Shares pursuant to Section 2.10(b). The Transferring Holder(s) and each participating Participation Member shall receive the same form of consideration and the aggregate net consideration (after such aggregate net consideration is adjusted for Company expenses, purchase price adjustments, escrow amounts, purchase price holdbacks, indemnity obligations and other similar items) shall be divided ratably among the Transferring Holder and each participating Participation Member based upon their respective numbers of Shares included in the Transfer.

(c) Notwithstanding anything to the contrary in this Section 9.07, the Transferring Holder(s) shall not consummate the Transfer contemplated by the Tag Notice at a higher price or on other terms and conditions more favorable to them, in the aggregate, than the terms set forth in the Tag Notice (including as to price per Class A-1 Preferred Share or form of consideration to be received) unless the Transferring Holder(s) shall first have delivered a second notice setting forth such more favorable terms (the “**Amended Tag Notice**”) to each Participation

Member who had not elected to participate in the contemplated Transfer. Each Participation Member receiving an Amended Tag Notice may elect to participate in the contemplated Transfer on such amended terms by delivering written notice to the Transferring Holder(s) not later than ten (10) Business Days after delivery of the Amended Tag Notice.

(d) Each Participation Member shall pay his, her or its own costs of any sale and a pro rata share (based upon the reduction in proceeds that would have been allocated to such Member if the amount of such expense were not included in the aggregate consideration) of the expenses incurred by the Members (to the extent such costs are incurred for the benefit of all of such Members and are not otherwise paid by the Transferee) and the Company in connection with such Transfer and shall be obligated to provide the same customary representations, warranties, covenants, agreements, indemnities and other obligations that the Transferring Holder(s) agrees to provide in connection with such Transfer; provided, that in no event will a Participation Member be required to enter into a non-competition agreement or be subject to any similar covenant or provision. Except as contemplated by the preceding sentence, each Participation Member shall execute and deliver all documents required to be executed in connection with such tag-along sale transaction.

(e) Without limiting the generality of the other provisions of this Section 9.07, the Transferring Holder(s) shall decide whether or not to pursue, consummate, postpone or abandon any Transfer and, subject to the limitations set forth in this Section 9.07, the terms and conditions thereof. None of the Transferring Holder(s) nor any of their respective Affiliates shall have any liability to any Member arising from, relating to or in connection with the pursuit, consummation, postponement, abandonment or terms and conditions of any such Transfer except to the extent the Transferring Holder(s) shall have failed to comply with any of the other provisions of this Section 9.07.

#### **9.08 Sale of the Company.**

(a) Provided that a Drag-Along Notice has not been delivered and the procedures in Section 9.09 are not then currently in effect, notwithstanding anything to the contrary in this Agreement, the Board of Directors may (subject to Section 5.11) elect to cause a Sale of the Company at any time. The Board of Directors shall direct and control all decisions in connection with a Sale of the Company (including the hiring or termination of any investment bank or professional adviser and making all decisions regarding valuation and consideration and the percentage of the Equity Securities in the Company to be sold) and, subject to Section 9.08(b) and Section 9.08(d), and without prejudice to Section 5.11, each Member shall vote for, consent to and not object to such Sale of the Company or the sale process associated therewith. If such Sale of the Company is structured as a sale of assets, merger or consolidation, then each Member shall, to the extent applicable to such transaction, vote for or consent to, and waive any dissenter's rights, appraisal rights or similar rights in connection with, such sale, merger or consolidation. If such Sale of the Company is structured as a Transfer of Shares, and the Sale of the Company involves less than all of the Shares in the Company, then each Member shall Transfer the same percentage of each class or series of Shares (or rights to acquire Shares of any class or series) that it holds. Each Member and the Company shall take all reasonable and necessary actions in connection with the

consummation of such Sale of the Company as may be requested by the Board of Directors, including (i) in the case of the Company only, engaging one or more investment banks and legal counsel selected by the Board of Directors to establish procedures acceptable to the Board of Directors to effect and to otherwise assist in connection with a Sale of the Company, (ii) taking such commercially reasonable actions and providing such commercially reasonable cooperation and assistance as may be necessary to consummate the Sale of the Company in an expeditious and efficient manner and not taking any action or engaging in any activity designed to hinder, prevent or delay the consummation of the Sale of the Company, (iii) in the case of the Company only, facilitating the due diligence process in respect of any such Sale of the Company, including establishing, populating and maintaining an online “data room”, (iv) in the case of the Company only, providing any financial or other information or audit required by the proposed buyer’s financing sources and (v) the execution of such agreements and such instruments and other actions reasonably necessary in connection with the Sale of the Company, including to provide customary representations, warranties, indemnities and escrow arrangements relating thereto, in each case in accordance with and subject to the limitations set forth in Section 9.08(d).

(b) The obligations of the Members with respect to a Sale of the Company are subject to the satisfaction of the following conditions: (i) upon the consummation of such Sale of the Company, each holder of Shares, to the extent such holder is receiving any consideration, shall receive the same form(s) of consideration as each other holder of Shares receives (or the option to receive the same form of consideration), and (ii) the Sale of the Company will be a Deemed Liquidation Event and the aggregate consideration payable upon consummation of such Sale of the Company to all holders of Shares in respect of their Shares shall be apportioned and distributed (after such aggregate consideration is adjusted for Company expenses, purchase price adjustments, escrow amounts, purchase price holdbacks, indemnity obligations and other similar items) as between the classes of Shares in accordance with the relevant provisions of Section 3.02 (assuming that, if such Sale of the Company is structured as a Transfer of Shares and less than all of the Shares are being Transferred, the Shares included in the Transfer are all of the Shares outstanding). For clarity, the application of Section 3.02 may result in some Shares included in the Transfer not receiving any consideration with respect to such Sale of the Company.

(c) If the Company, or if the holders of any Shares, enter into any negotiation or transaction for which Rule 506 (or any similar rule then in effect) promulgated by the SEC may be available with respect to such negotiation or transaction (including a merger, consolidation, or other reorganization), each holder of Equity Securities will, at the request of the Company, appoint either a purchaser representative (as such term is defined in Rule 501) designated by the Company, in which event the Company will pay the fees of such purchaser representative, or another purchaser representative (reasonably acceptable to the Company), in which event such holder will be responsible for the fees of the purchaser representative so appointed. Notwithstanding anything to the contrary, in connection with any Sale of the Company where the consideration in such Sale of the Company consists of or includes securities, if the issuance of such securities to the Member would require either a registration statement under the Securities Act, or preparation of a disclosure statement pursuant to Regulation D (or any successor regulation) under the Securities Act, or preparation of a disclosure document under a similar provision of any state securities law, and such registration statement or disclosure statement or other disclosure document is not otherwise being

prepared in connection with the Sale of the Company, then, at the option of the Board of Directors, the Member may receive, in lieu of such securities, the Fair Market Value of such securities in cash.

(d) In connection with any Sale of the Company, each Member shall (i) make such customary representations and warranties, including, as applicable, as to due organization and good standing, power and authority, due approval, no conflicts and ownership and title of Shares (including the absence of liens with respect to such Shares) and no litigation pending or threatened against or affecting such Member relating to its ownership of Shares, agree to such covenants and enter into such definitive agreements, in each case as are customary for transactions of the nature of the Sale of the Company; provided, that no Member shall be required to make any representation or warranty or agree to any covenant that is more extensive or burdensome than those made by the other Members (provided, that (A) in no event will the GM Investor or any of its Affiliates, SoftBank or any of its Affiliates or Honda or any of its Affiliates be required to enter into a non-competition agreement or be subject to any similar covenant or provision and (B) the Employee Members may be required to enter into certain covenants, including non-compete and non-solicit obligations) and (ii) be obligated to join on a several, and not joint, basis (determined in accordance with such Member's proportionate share of the proceeds from the Sale of the Company) in any indemnification or other obligations that are part of the terms and conditions of the Sale of the Company (other than to the extent of any escrows or holdbacks established in connection with such Sale of the Company); provided, that no Member shall be obligated (A) to provide indemnification with respect to the representations, warranties, covenants or agreements of any other Member (other than to the extent of any escrows or holdbacks established in connection with such Sale of the Company), or (B) to incur liability to any Person in connection with such Sale of the Company, including under any indemnity, in excess of the consideration received by such Person in the Sale of the Company (other than for fraud or breach of a covenant).

(e) Each Member will bear his, her or its proportionate share of the costs incurred in connection with a Sale of the Company to the extent such costs are incurred for the benefit of all such holders of Shares and are not otherwise paid by the Company or the acquiring party. Costs incurred by the holders of Shares on their own behalf will not be considered costs of the Sale of the Company.

(f) Any contingent consideration (whether as a result of a release of an escrow or the payment of an "earn out" or otherwise) to be paid in connection with a Sale of the Company shall be allocated among the Members such that each Member receives the amount which such Member would have received if such consideration had been received by the Company and distributed as the next incremental dollars following the Distribution of any amounts previously paid under this Agreement or paid in connection with such Sale of the Company (assuming for such purposes that the Shares Transferred constitute all of the Shares). In the event any Member is liable in such Sale of the Company for amounts in excess of any escrow or holdback (other than any such obligations that relate specifically to a particular Member, such as indemnification with respect to representations and warranties given by a Member regarding such Person's title to and ownership of Shares), such amounts shall be treated as a deduction to the consideration payable in such Sale of the Company and the aggregate consideration shall be re-allocated among the Members in accordance with Section 9.08(b). The Members agree that to the extent, as a result of such re-

allocation, a Member has received more than its share of the consideration pursuant to such re-allocation, such Member shall deliver such excess to the appropriate Member(s) in order for each Member to receive its appropriate share of the consideration.

(g) Without limiting the generality of the other provisions of this Section 9.08 but subject to Section 5.11, the Board of Directors shall determine whether or not to pursue, consummate, postpone or abandon any Sale of the Company and, subject to the limitations expressly set forth in this Section 9.08, the terms and conditions thereof.

(h) The provisions of this Section 9.08 shall not apply to any transaction pursuant to Sections 9.10 or 9.12.

#### **9.09 Drag-Along.**

(a) If the GM Investor proposes to Transfer more than fifty percent (50%) of the issued and outstanding Equity Securities to an Independent Third Party prior to an IPO (other than any Transfer (i) as provided in Section 9.08, (ii) in connection with Section 9.10, or (iii) pursuant to Section 9.12), the GM Investor shall have the right (but not the obligation) to deliver a written notice (such notice, the “**Drag-Along Notice**”) of its intention to do so to each other Member (the “**Dragees**”). The Drag-Along Notice shall set forth the aggregate consideration to be paid by the Independent Third Party and the other material terms and conditions of such transaction (a “**Drag-Along Sale Transaction**”), which shall be the same (in all but *de minimis* and immaterial respects) for the GM Investor and the other Members except as otherwise contemplated by this Agreement. Upon receipt of the Drag-Along Notice, each Dragee shall be required to participate in the proposed Transfer in accordance with the terms and conditions of this Section 9.09; provided, that if such Drag-Along Sale Transaction involves less than one hundred percent (100%) of the Shares held by the GM Investor, then each Dragee will only be required to participate in the proposed Transfer to the Independent Third Party with respect to such percentage of each class of its Shares as equals the percentage of the GM Investor’s total Shares being sold in such Drag-Along Sale Transaction (the “**Drag Percentage**”). If the GM Investor is given an option as to the form and amount of consideration to be received under this Section 9.09, all Dragees shall be given the same option and, otherwise, the ratio of both (i) any cash to any non-cash consideration and (ii) among any type of non-cash property or asset consideration to any other type of non-cash property or asset consideration shall be equal (to the extent reasonably practicable) for each of the GM Investor and the Dragees. Within ten (10) Business Days following receipt of the Drag-Along Notice, each Dragee shall deliver to a representative of the Company or the GM Member designated in the Drag-Along Notice such certificates (if certificated) representing all Shares (or the Drag Percentage of each class of its Shares, as applicable) held by such Dragee or in other cases mutually acceptable instruments of transfer duly endorsed, together with a limited power-of-attorney authorizing the Company and the GM Investor to sell or otherwise dispose of such Shares pursuant to the proposed Transfer to the Independent Third Party, as well as any other documents required to be executed in connection with such transaction. In the event that any Dragee should fail to deliver such certificates (if certificated) or other documentation to the Company or the GM Investor’s representative, the Company shall cause the books and records of the Company to show that the Shares of such Dragee



are bound by the provisions of this Section 9.09 and that such Shares may be Transferred only to the Independent Third Party.

(b) The Company and the GM Investor shall have ninety (90) days following delivery of the Drag-Along Notice to complete the Transfer of the Shares in accordance with this Section 9.09; provided, that if such Transfer would require the GM Investor, any Dragee, the Independent Third Party, the Company or an Affiliate of any of the foregoing to obtain any regulatory approval prior to consummating such sale, such ninety (90) day period shall be extended to the date that is five (5) Business Days after such regulatory approval has been obtained or finally denied. If, within such ninety (90) day period (as it may be extended) after the Company or the GM Investor has given the Drag-Along Notice, it shall not have completed the Transfer of all the Shares of the GM Investor and the Dragees in accordance with this Section 9.09 the Company or the GM Investor shall return to each of the Dragees all certificates (if certificated) representing Shares, or in other cases, mutually acceptable instruments of transfer, that the Dragees delivered for Transfer pursuant hereto and that were not purchased in accordance with this Section 9.09; provided, that (i) if any one or more of the Dragees defaults, the Company or the GM Investor shall be permitted, but not obligated, to complete the sale by all non-defaulting Dragees, and (ii) the completion of the sale by the Company or the GM Investor and such non-defaulting Dragees shall not relieve a defaulting Dragee of liability for its breach. All reasonable out-of-pocket costs and expenses incurred by the Company, the GM Investor and the Dragees in connection with the Transfers set forth in this Section 9.09 shall be paid by the Company.

(c) A Drag-Along Sale Transaction will be a Deemed Liquidation Event and the aggregate consideration payable upon consummation of such Drag-Along Sale Transaction to all holders of Shares in respect of their Shares included in such Drag-Along Sale Transaction shall be apportioned and distributed (after such aggregate consideration is adjusted for Company expenses, purchase price adjustments, escrow amounts, purchase price holdbacks, indemnity obligations and other similar items) as between the classes of Shares included in such Drag-Along Sale Transaction in accordance with the relevant provisions of Section 3.02 (it being understood that, if less than all of the Shares are being Transferred, for purposes of such calculations, it shall be assumed that the Shares included in such Drag-Along Sale Transaction constitute all of the Shares outstanding). For clarity, the application of Section 3.02 may result in some Shares included in the Drag-Along Sale Transaction not receiving any consideration with respect to such Drag-Along Sale Transaction.

(d) The provisions of this Section 9.09 shall not apply to any Transfer to a Permitted Transferee in accordance with Section 9.02.

#### **9.10 Public Offering.**

(a) If the Board of Directors authorizes (subject to Section 5.11 and Section 6.13(d)) the Company to undertake an IPO (which may be abandoned at any time prior to its consummation by the Board of Directors), or the GM Investor notifies the Company that it wishes to consummate an IPO that takes the form of distribution of IPO Shares to the stockholders of GM Parent pursuant to a Form 10 (or any successor form), then each of the Company, the Members and any holder of Equity Securities agrees to, and agrees to cause its Affiliates to, take such commercially reasonable actions and provide such commercially reasonable cooperation and assistance as may

be necessary to consummate the IPO in an expeditious and efficient manner and not to take any action or engage in any activity designed to hinder, prevent or delay the consummation of the IPO. Subject to Section 9.10(b), in connection with the IPO, each Share will be exchanged on an as-converted basis as if all Junior Interests are converted on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and all Class A-1 Preferred Shares are converted in accordance with Section 2.10(b), for one share or unit (as applicable) of the single type of equity security of the Company that is listed and admitted for trading on the New York Stock Exchange, the NASDAQ Stock Market or other nationally recognized exchange (the “**IPO Shares**”). For purposes of this Section 9.10 and Section 9.11, all references to “Company” shall also refer to (i) any corporate successor to the Company or (ii) any parent or Subsidiary of the Company, in each case which effects the IPO.

(b) The IPO Shares issued to (i) each Class A-1 Preferred Member with respect to each Class A-1 Preferred Share, each Class B Member with respect to each Class B Common Share, each Class D Member with respect to each Class D Common Share and each Class E Member with respect to each Class E Common Share and (ii) any other Investor in respect of Equity Securities issued pursuant to Section 2.06 (if such Equity Securities are designated as low-vote Equity Securities by the Board of Directors at the time of issuance or at any time thereafter) (collectively, the “**Low-Vote IPO Shares**”) will be of a different class to each other IPO Share. The Low-Vote IPO Shares will be identical to each other IPO Share, except that they will be entitled only to the number of votes (including a fraction of a vote) per Low-Vote IPO Share on all matters on which stockholders of the Company may vote (including the election of directors) as will be reasonably determined by the GM Investor to enable the GM Investor to establish or maintain “control” (within the meaning of Section 368(c) of the Code) of the Company at the time of the consummation of the IPO (in the case of an IPO effected by a “spin-off” or “split-off” transaction), or immediately after the consummation of the IPO (in the case of any other IPO), in each case taking into account any other planned issuances or transfers of IPO Shares. Each Member, including each Class A-1 Preferred Member, will take all reasonable action requested by the Company to give effect to this Section 9.10(b) and to cause GM to have “control” within the meaning of Section 368(c) of the Code immediately prior to any “spin-off” or “split-off” transaction.

(c) Without limiting (and without prejudice to) the other subsections of this Section 9.10, if immediately prior to an IPO the Board of Directors determines that it is in the best interests of the Company and its Members (taken as a whole) to engage in a reorganization pursuant to which a new corporation, limited liability company, partnership or other entity (the “**Entity**”) is formed and the Equity Securities of the company are recapitalized or reorganized into classes of Equity Securities of the Entity, then each Member will (i) consent (and, to the extent required, vote in favor of) such recapitalization, reorganization or exchange of the existing Equity Securities of the Company into the Equity Securities of the Entity, and (ii) take all such reasonable actions that are necessary in connection with the consummation of the recapitalization, reorganization or exchange, including entering into a new stockholders’ agreement, members’ agreement, limited liability company agreement, employee equity arrangements and/or other agreements and arrangements in respect of the Equity Securities of the Entity, in each case, on terms and conditions

substantially similar to such agreements and arrangements in respect of the Equity Securities of the Company that are in effect immediately prior to such recapitalization or reorganization; provided, that the Board of Directors shall not be permitted to approve, the Company shall not be permitted to engage in, and no Member shall be required to provide any consent to or to take any action in connection with, any such formation, recapitalization or reorganization, in each case if (A) such formation, recapitalization or reorganization was undertaken in bad faith, (B) the intent or direct result of such formation, recapitalization or reorganization is or would be to impair, in any material respect, the express rights of any Member hereunder or (C) such formation, recapitalization or reorganization adversely affects any Member in a manner which is disproportionate to the other Members (except as contemplated by this Section 9.10). For the avoidance of doubt, any reorganization or recapitalization undertaken pursuant to this Section 9.10(c) shall include provision for an Equity Security analogous to the Low-Vote IPO Shares described in Section 9.10(b) above.

**9.11 Registration Rights; “Market Stand-Off” Agreement; Volume Restrictions.**

(a) After the consummation of an IPO pursuant to Section 9.10, the Company shall grant to (i) the GM Investor an unlimited number of demand registration rights (including underwritten offerings), (ii) each Class A-1 Preferred Member that, together with its Affiliates, beneficially owns more than ten percent (10%) of the Equity Securities in the Company, demand registration rights (including underwritten offerings) and (iii) all Members that, together with its Affiliates, beneficially own more than five percent (5%) of the Equity Securities in the Company, piggyback registration rights and shelf registration rights, in each case, subject to customary terms and conditions as at the time of the IPO; provided, that the Class A-1 Preferred Members may collectively exercise up to three (3) demands, the Company shall not be required to consummate more than one (1) demand registration (including underwritten offering) per ninety (90) day period, the Company shall not be required to consummate any demand registration (including underwritten offering) expected to realize less than \$100,000,000 of gross proceeds (before deduction of any underwriting discount, fees or expenses) and the Company may suspend registration rights for up to one hundred twenty (120) days in any calendar year if the filing or maintenance of a registration statement would, if not so suspended, adversely affect a proposed corporate transaction or adversely affect the Company by requiring premature disclosure of confidential information.

(b) Each Member hereby agrees that (i) during the period of duration (up to, but not exceeding, one hundred eighty (180) days) specified by the Company and an underwriter of Equity Securities of the Company or its successor, following the date of the final prospectus distributed in connection with the IPO, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including any short sale or other hedging transaction), grant any option to purchase or otherwise Transfer or dispose of (other than to donees who agree to be similarly bound) any Equity Securities held by it at any time during such period except for such Equity Securities as shall be included in such registration and (ii) it shall, if requested by the managing underwriter or underwriters in connection with the IPO, execute a customary “lockup” agreement in the form requested by the managing underwriter or underwriters with a duration not to exceed one hundred eighty (180) days.

(c) Each Member hereby agrees that (i) during the period of duration (up to, but not exceeding, ninety (90) days) specified by the Company and an underwriter of Equity Securities of the Company or its successor, following the date of the final prospectus distributed in connection with an underwritten public follow-on offering, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including any short sale or other hedging transaction), grant any option to purchase or otherwise Transfer or dispose of (other than to donees who agree to be similarly bound) any Equity Securities held by it at any time during such period except for such Equity Securities as shall be included in such registration and (ii) it shall, if requested by the managing underwriter or underwriters in connection with an underwritten public follow-on offering, execute a customary “lockup” agreement in the form requested by the managing underwriter or underwriters with a duration not to exceed ninety (90) days.

(d) All Members shall be treated similarly with respect to any release prior to the termination of the time periods for the transfer restrictions contemplated by Section 9.11(b) and Section 9.11(c) (including any extension thereof) such that if any such persons are released, then all Members shall also be released to the same extent on a pro rata basis. In order to enforce the foregoing covenant in connection with the IPO or an underwritten public follow-on offering, the Company may impose stop-transfer instructions with respect to the Equity Securities of each Member and its Affiliates (and the Equity Securities of every other Person subject to the foregoing restriction) until the end of such period, and each Member agrees that, if so requested, such Member will execute, and will cause its Affiliates to execute, an agreement in the form provided by the underwriter containing terms which are essentially consistent with the provisions of Section 9.11(a), Section 9.11(b) and Section 9.11(c). Notwithstanding the foregoing, the obligations described in Section 9.11(a), Section 9.11(b) and Section 9.11(c) shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to an SEC Rule 145 transaction on Form S-4 or similar forms which may be promulgated in the future.

## **9.12 GM Call Right.**

(a) At any time after the SoftBank Trigger Date the Company will have the right, by providing written notice to each Class A-1 Preferred Member, each Class D Member and the Board of Directors (a “**SoftBank Call Notice**”), to purchase from each Class A-1 Preferred Member and each Class D Member all (but not less than all) of the Class A-1 Preferred Shares and Class D Common Shares then owned by such Members (and any other Equity Securities held by such Members) in exchange for a cash purchase price (i) per Class A-1 Preferred Share equal to the greater of (A) the applicable Class A-1 Liquidation Preference Amount, and (B) the Per Class A-1 Preferred Share FMV, and (ii) per Class D Common Share (or any other Equity Securities held by such Members) equal to the Per Class A-1 Preferred Share FMV (collectively, the “**Class A-1/D Purchase**”). If an Optional SoftBank Conversion Notice has been delivered pursuant to Section 9.13 and, subsequent to the delivery of such Optional SoftBank Conversion Notice, a SoftBank Call Notice is delivered to a Class A-1 Preferred Member or Class D Member, then the process contemplated by Section 9.13 shall be suspended (it being understood that if the Class A-1/D Purchase is subsequently terminated or otherwise fails to be consummated, the process contemplated

by Section 9.13 shall resume); provided, that if, at the time the SoftBank Call Notice is delivered to a Class A-1 Preferred Member or Class D Member, the calculation of Call Notice/Optional SoftBank Conversion Notice Fair Market Value is ongoing pursuant to Section 9.13 (but has not yet been finalized), such calculation shall continue and shall be utilized to calculate the Per Class A-1 Preferred Share FMV required by this Section 9.12.

(b) At any time after the Honda Call Trigger Date, the Company will have the right, by providing written notice to each Class E Member and the Board of Directors (a “**Honda Call Notice**” and, together with the SoftBank Call Notice, a “**Call Notice**”), to purchase from each Class E Member all (but not less than all) of the Class E Common Shares then owned by such Members (and any other Equity Securities held by such Members) in exchange for a cash purchase price per Class E Common Share (or any other Equity Securities held by such Members) equal to the Per Class E FMV (the “**Class E Purchase**”).

Delivery of a Call Notice with respect to the Class A-1 Preferred Shares, Class D Common Shares or Class E Common Shares will commence the process set forth on Exhibit II (provided, that in the event of a Honda Call Notice, (1) references to “SoftBank” and the “Majority of the Class A-1 Preferred” on Exhibit II shall be replaced with “Honda” and (2) the Qualified Appraisers will only calculate the Standardized FMV and not the IP Upsized FMV).

(c) The Company and each Class A-1 Preferred Member, Class D Member and Class E Member will consummate the Class A-1/D Purchase or the Class E Purchase, as applicable, as soon as reasonably practicable and, in any event, within thirty (30) days following the date of determination of the Per Class A-1 Preferred Share FMV or Per Class E FMV (as applicable). The Class A-1/D Purchase or the Class E Purchase, as applicable, shall be memorialized in a written agreement containing customary terms for a transaction of this type; provided, that no Class A-1 Preferred Member, Class D Member or Class E Member shall be required to make any representations or warranties other than representations and warranties as to due organization and good standing, power and authority, due approval, no conflicts and ownership and title of Shares (including the absence of liens with respect to such Shares), no brokers and no litigation pending or threatened against or affecting such Member relating to its ownership of Shares.

(d) Each Class A-1 Preferred Member, Class D Member and Class E Member, as applicable, shall take all commercially reasonable actions and provide such other commercially reasonable cooperation and assistance as may be necessary to consummate the Class A-1/D Purchase or Class E Purchase, as applicable, in an expeditious and efficient manner and will not take any action or engage in any activity designed to hinder, prevent or delay the consummation of the Class A-1/D Purchase or Class E Purchase, as applicable.

(e) At any time after the SoftBank Trigger Date or the Honda Call Trigger Date, as applicable, the GM Investor (or one of its Affiliates) may issue a Call Notice in lieu of the Company, in which event all references to the Company in this Section 9.12 (other than this Section 9.12(e)) shall be deemed to be references to the GM Investor.

### 9.13 Optional SoftBank Conversion.

(a) If an IPO, Sale of the Company or dissolution (pursuant to Article X) has not been consummated prior to the SoftBank Trigger Date then, at any time after the SoftBank Trigger Date and subject to Section 9.12(a), SoftBank or its Permitted Transferee shall be entitled to deliver to the Board of Directors an irrevocable written notice (the “**Optional SoftBank Conversion Notice**”) requiring the Company to, at the election of the GM Investor (i) use its reasonable best efforts to redeem all, but not less than all, of SoftBank’s Class A-1 Preferred Shares and Class D Shares for common stock of GM Parent, or (ii) redeem all, but not less than all of SoftBank’s Class A-1 Preferred Shares and Class D Shares for cash, in each case on the terms set forth herein and, in the case of sub-section (i), on the terms set forth in the Exchange Agreement. Delivery of the Optional SoftBank Conversion Notice will commence the process set forth on Exhibit II.

(b) Within ten (10) Business Days of the date of determination of the final Call Notice/Optional SoftBank Conversion Notice Fair Market Value pursuant to Exhibit II, the Company will deliver written notice to SoftBank, informing SoftBank of the Call Notice/Optional SoftBank Conversion Notice Fair Market Value and whether the GM Investor has elected to have the Company redeem SoftBank’s Class A-1 Preferred Shares and Class D Shares (i) for cash, at a per Share value equal to the applicable Optional SoftBank Conversion Share Price (the “**Cash Election**”), or (ii) in exchange for common stock of GM Parent on the terms and subject to the conditions set forth in the Exchange Agreement in which case GM Parent and SoftBank or its Permitted Transferee will enter into the Exchange Agreement (the “**Stock Election**”). If, upon consummation of the Sale of GM Parent, GM Parent (it being understood that if GM has merged or consolidated into any other Person or sold all or substantially all of its assets in any one or a series of related to transactions to such other Person, GM Parent shall include such successor or other Person) is not listed or traded on the New York Stock Exchange or the NASDAQ Stock Market or any successor exchange or market thereof, any national securities exchange (registered with the SEC under Section 6 of the Securities Exchange Act of 1934, as amended) or any other established non-U.S. exchange, then the GM Acquirer shall be required to settle any Stock Election pursuant to this Section 9.13 in cash.

(c) If the Cash Election is made, the Company and SoftBank or its Permitted Transferee will consummate the redemption by the Company of the Class A-1 Preferred Shares and Class D Shares (the “**Optional SoftBank Conversion Purchase**”) as soon as reasonably practicable and in any event within thirty (30) days of the Cash Election. The place for closing shall be the principal office of the Company or at such other place as the Company may reasonably determine. In the event of a Cash Election, at the closing thereof SoftBank shall deliver to the Company certificates (if certificated) for its Class A-1 Preferred Shares and Class D Shares or, in other cases, mutually acceptable instruments of transfer, in exchange for payment (per Class A-1 Preferred Share and Class D Share held by SoftBank) of the relevant Optional SoftBank Conversion Share Price. The Optional SoftBank Conversion Purchase shall be memorialized in a written agreement containing representations and warranties as to due organization and good standing, power and authority, due approval, no conflicts and ownership and title of Shares (including the absence of liens with respect to such Shares), no brokers and no litigation pending or threatened against or affecting SoftBank relating to its ownership of Shares. Each of the Company and SoftBank or its

Permitted Transferee shall bear its own costs and expense incurred in connection with the Optional SoftBank Conversion Purchase.

(d) If the Stock Election is made, SoftBank or its Permitted Transferee will (and the Company and the GM Investor will cause GM Parent to) promptly (and in any event within five (5) days) enter into the Exchange Agreement.

(e) If the Company, acting reasonably and in good faith, determines that a filing, notice, approval, consent, registration, permit, authorization or confirmation from any Governmental Authority may be required to consummate the transactions set forth in the Exchange Agreement, then the Company and SoftBank or its Permitted Transferee shall (and SoftBank shall cause its Affiliates to) reasonably cooperate in good faith during the pendency of the calculation of the Call Notice/Optional SoftBank Conversion Notice Fair Market Value to seek to obtain such approvals as promptly as practicable such that in the event a Stock Election is made the period between signing the Exchange Agreement and closing the transaction thereunder would be reduced. For clarity, nothing in this Section 9.13(e) will require the Company to make a Stock Election (as opposed to a Cash Election) and the intention of this Section 9.13(e) is solely to take such actions as may reduce (in the event a Stock Election is made) the period between the execution of the Exchange Agreement and the consummation of the transactions contemplated thereby.

(f) In lieu of a redemption of the Class A-1 Preferred Shares and Class D Shares by the Company pursuant to this Section 9.13, the GM Investor will have the right to have such Class A-1 Preferred Shares and Class D Shares transferred to the GM Investor (or its Affiliates) and, if a Cash Election has been made, to have the GM Investor (or its Affiliates) make the applicable cash payments.

(g) If an Optional SoftBank Conversion Notice has been delivered and an IPO or a Sale of the Company is pending, but has not yet been consummated, SoftBank will, and will cause its Affiliates to, reasonably cooperate with the Company and each other Member to ensure that the IPO or Sale of the Company, as applicable, is carried out in an expeditious manner and minimizing the effect (economically or otherwise) on such IPO or Sale of the Company of this Section 9.13.

## **ARTICLE X**

### **DISSOLUTION**

**10.01** **Events of Dissolution.** The Company shall be dissolved upon the occurrence of any of the following events and its business and affairs shall thereafter be liquidated and wound up pursuant to the Act:

- (a) upon the approval of the Board of Directors or a Majority of the Members;
- (b) upon the issuance of a final and nonappealable judicial decree of dissolution; or

(c) as otherwise required by the Act, except that the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member shall not result in dissolution of the Company.

**10.02 Liquidation and Termination.** On dissolution of the Company, the Board of Directors shall act as the liquidator or may appoint one or more Members as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Board of Directors. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the liquidator shall cause the notice described in the Act to be mailed to each known creditor of and claimant against the Company in the manner described thereunder;

(c) the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including all expenses incurred in liquidation) or otherwise make adequate provision for payment and discharge thereof;

(d) the liquidator shall make reasonable provision to pay all contingent, conditional or unmatured contractual claims known to the Company;

(e) the liquidator shall make such provision as will be reasonably likely to be sufficient to provide compensation for any claim against the Company which is the subject of a pending action, suit or proceeding to which the Company is a party;

(f) the liquidator shall make such provision as will be reasonably likely to be sufficient for claims that have not been made known to the Company or that have not arisen but that, based on facts known to the Company, are likely to arise or to become known to the Company after the date of dissolution;

(g) the liquidator shall distribute all remaining assets of the Company by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, 90 days after the date of the liquidation) in accordance with Section 3.02 (but subject to the other applicable provisions in this Agreement); and

(h) all distributions in kind to the Members shall be made subject to the liability of each distributee for costs, expenses and liabilities theretofore incurred or for which the Company has committed prior to the date of termination, and those costs, expenses and liabilities shall be allocated to the distributees pursuant to this Section 10.02. The distribution of cash and/or property to a Member in accordance with the provisions of this Section 10.02 constitutes a complete return



to the Member of its Capital Contributions and a complete distribution to the Member of its interest in the Company and all of the Company's property and constitutes a compromise to which all Members have consented within the meaning of the Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

**10.03** **Cancellation of Certificate.** On completion of the distribution of Company assets as provided herein, the Company shall be terminated, and the Board of Directors (or such other Person or Persons as the Act may require or permit) shall file a certificate of cancellation with the Secretary of State of Delaware, and take such other actions as may be necessary to terminate the Company.

**ARTICLE XI**  
**EXCLUSIVITY; NON-COMPETE**

**11.01** **Exclusivity.** During the Control Period, other than pursuant to the Commercial Agreements (or any other agreement entered into between GM or its Affiliates, on the one hand, and the Company or its Subsidiaries, on the other hand, in each case in accordance with the terms of this Agreement) and activities in furtherance of their obligations thereunder:

(a) the GM Investor and its Subsidiaries (excluding the following international joint ventures: SAIC General Motors Corp., Ltd. ("**SGM**"), Pan Asia Technical Automotive Center Co. Ltd. ("**PATAC**"), and FAW-GM Light Duty Commercial Vehicle Co., Ltd. ("**FAW-GM**")) shall conduct the AVCo Business exclusively through the Company. Notwithstanding the foregoing, nothing in this Section 11.01 will prohibit or otherwise restrict the GM Investor or its Subsidiaries from engaging in the GM Business in any manner whatsoever;

(b) without the prior written consent of the GM Investor, the Company and its Subsidiaries shall not, directly or indirectly, engage in the GM Business; provided, that nothing in this Section 11.01(b) will prevent the Company and its Subsidiaries from engaging in the AVCo Business in any manner whatsoever; and

(c) the Company and its Subsidiaries shall exclusively (i) obtain, purchase, source, license, lease, or otherwise acquire assets, services or rights that are of the type contemplated by the Commercial Agreements, the IPMA, the EDSA or the AGSA (including autonomous vehicles and other related products and services) from the GM Investor and its Affiliates, and (ii) provide AV technology and network services to GM and its Affiliates.

**11.02** **Non-Compete.**

(a) During the three (3) year period immediately following the end of the Control Period (the "**Non-Compete Period**"), other than pursuant to the terms and conditions of any agreement entered into between the Company (or its Affiliates), on the one hand, and the GM Investor (or its Affiliates) on the other hand (in each case in accordance with the terms of this Agreement, as applicable, and to the extent such agreement by its terms remains effective subsequent to the end of the Control Period) and subject to the exceptions set forth in Section 11.02(b), (i) the GM Investor and its Subsidiaries (excluding SGM, PATAC and FAW-GM) shall not, directly or

indirectly, and (ii) the Company and its Subsidiaries shall not, directly or indirectly, in each case whether alone or in conjunction with any Person or as a holder of an equity or debt interest of any Person or as a principal, agent or otherwise (and, in each case, without the prior written consent of the Other Party), engage in, carry on, participate in or have any interest in the applicable Restricted Business.

(b) Notwithstanding anything herein to the contrary, during the Non-Compete Period, nothing in Section 11.02(a) shall restrict:

Business; (i) the GM Investor's or any of its Subsidiaries' ability to engage in, carry on or participate in the GM

Business; (ii) the Company's or any of its Subsidiaries' ability to engage in, carry on or participate in the AVCo

(iii) the GM Investor and its Subsidiaries or the Company and its Subsidiaries from operating its business as conducted at any time prior to the end of the Control Period (to the extent that such prior operation or conduct did not violate Section 11.01);

(iv) the GM Investor or any of its Subsidiaries from consummating an OEM Acquisition;

(v) the GM Investor or any of its Subsidiaries (collectively), or the Company or any of its Subsidiaries (collectively), from consummating a Change of Control transaction involving a Target (the "**Acquired Person**"); provided, that, in the event such Acquired Person either (each tested at the time of consummation of the Change of Control) (A) derived more than twenty percent (20%) of its consolidated net revenue (calculated on a trailing twelve month basis) from the conduct of the Restricted Business or (B) had meaningful research and development costs and expenses for activities relating to the Restricted Business, the GM Investor or any of its Subsidiaries (collectively), or the Company or any of its Subsidiaries (collectively), as applicable, on or prior to the twelve (12) month anniversary of the date of consummation of such Change of Control transaction, shall either (1) dispose of the Restricted Business (or the assets used in connection therewith) of such Acquired Person or (2) cause such Acquired Person to cease to engaging in the Restricted Business;

(vi) the GM Investor or any of its Subsidiaries (collectively), or the Company or any of its Subsidiaries (collectively) from acquiring, owning or holding ten percent (10%) or less of the outstanding shares of capital stock, which capital stock is regularly traded on a recognized domestic or foreign securities exchange, of any Person engaged in the Restricted Business, so long as the GM Investor and its Subsidiaries (collectively) or the Company and its Subsidiaries (collectively), as applicable, is a passive investor and does not exercise any influence over or participate in the management or operation of such Person (and, for clarity, exercising rights as a stockholder or member will not constitute influence or participation);

(vii) the GM Investor or any of its Subsidiaries from engaging in or consummating any transaction that would constitute a Change of Control;

(viii) General Motors Ventures LLC (and not the GM Investor or any of its Subsidiaries) from acquiring capital stock or other ownership interests, or owning or holding capital stock or other ownership interests, in the normal course of its business and investing activities, in any Person engaged in the Restricted Business;

(ix) the GM Investor or any of its Subsidiaries from owning or holding capital stock or other ownership interests in the entity (and its Subsidiaries or any successor entity) previously identified to SVF by the GM Investor; or

(x) the GM Investor or its Subsidiaries from engaging in internal activities relating to the AVCo Business, including business planning and research, development, design and testing activities (provided, that neither GM nor its Subsidiaries may commercialize or otherwise monetize such activities, or any results therefrom, prior to the end of the Non-Compete Period).

(c) Immediately prior to the end of the Control Period, GM and the Company will enter into and deliver a standalone agreement memorializing (and containing terms consistent with) this Section 11.02, the intention being to enable the terms and conditions of this Section 11.02 to survive if this Agreement is terminated or materially amended at such time or any time thereafter.

(d) For the purposes of this Article XI, the Company and its Subsidiaries are not Subsidiaries of the GM Investor.

## **ARTICLE XII**

### **GENERAL PROVISIONS**

**12.01 Expenses.** Each Member and its Affiliates will be responsible for its own expenses in connection with the preparation and negotiation of this Agreement.

**12.02 No Third-Party Rights.** Except as otherwise expressly set forth herein (including Sections 4.03 and 7.02), nothing in this Agreement shall be construed to grant rights to any Person who is not a party to this Agreement.

**12.03 Legend on Certificates for Certificated Shares.** If Certificated Shares are issued, such Certificated Shares will bear the following legend:

“THE SHARES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON \_\_\_\_\_, \_\_\_\_\_, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR APPLICABLE STATE SECURITIES LAWS (“STATE ACTS”) AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR STATE ACTS OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

THE TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN A SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, DATED AS OF OCTOBER 3, 2018, AS AMENDED AND MODIFIED FROM TIME TO TIME, GOVERNING THE ISSUER (THE “COMPANY”), AND BY AND AMONG ITS MEMBERS (THE “LLC AGREEMENT”). THE SHARES REPRESENTED BY THIS CERTIFICATE MAY ALSO BE SUBJECT TO ADDITIONAL TRANSFER RESTRICTIONS, CERTAIN VESTING PROVISIONS, REPURCHASE OPTIONS, OFFSET RIGHTS AND FORFEITURE PROVISIONS SET FORTH IN THE LLC AGREEMENT AND/OR A SHARE GRANT AGREEMENT WITH THE INITIAL HOLDER. A COPY OF SUCH CONDITIONS, REPURCHASE OPTIONS AND FORFEITURE PROVISIONS SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.”

If a Member holding Certificated Shares delivers to the Company an opinion of counsel, satisfactory in form and substance to the Board of Directors (which opinion may be waived by the Board of Directors), that no subsequent Transfer of such Shares will require registration under the Securities Act, the Company will promptly upon such contemplated Transfer deliver new Certificated Shares which do not bear the portion of the restrictive legend relating to the Securities Act set forth in this Section 12.03.

#### **12.04      Confidentiality.**

(a) Each Member expressly agrees to maintain, and to cause its Director and Board Observer nominees (as applicable) to maintain, the confidentiality of, and not to disclose to any Person other than (i) the Company (and any successor of the Company or any Person acquiring all or a material portion of the assets or Equity Securities of the Company or any of its Subsidiaries), (ii) another Member, (iii) such Member’s or, in the case of SoftBank any of its or its Affiliate’s, financial planners, accountants, attorneys or other advisors or employees or representatives that need to know such information in connection with the monitoring of the Company, the Member or his, her or its Affiliates or in the normal course of operations of such Member or (iv) in the case of, following the Transfer made pursuant to, and in compliance with, Section 9.02(c), SVFA or any of its Affiliates, disclosure of information (or any information derived from or based upon such information) of the type specified to SVF prior to the execution of the SoftBank Purchase Agreement to its current or prospective investors in the ordinary course of business (provided that, in the case of clauses (iii) and (iv), the Member advises any such Person of the confidential nature of such information and such Person is directed to keep such information confidential, it being understood and agreed that such Member shall be responsible for any breach by any such Person of this Section 12.04), any information relating to the business, financial structure, intellectual property, assets, liabilities, data, financial position or financial results, borrowers, contract counterparties, clients or affairs of the Company or any of its Subsidiaries that shall not be generally known to the public, except as otherwise required by applicable law, stock exchange requirements or required or requested by any Governmental Authority having jurisdiction, in which case (except with respect to disclosure that is required in connection with the filing of federal, state and local tax returns or

to the extent that the receiving party agrees to keep any such information confidential) prior to making such disclosure such Member shall, to the extent permitted by applicable law or by such Governmental Authority, give written notice to the Company, permit the Company to review and comment upon the form and substance of such disclosure and allow the Company to seek confidential treatment therefor, and in the case of any Member who is employed by the Company or any of its Subsidiaries, in the ordinary course of his or her duties to the Company or any of its Subsidiaries. This Section 12.04 will not apply to the GM Investor, any A-2 Preferred Director or the Common Director.

(b) The terms of this Section 12.04 shall apply to a Member during the time that such Person is a Member and for a period of two (2) years after such Person ceases to be a Member.

**12.05** **Power of Attorney.** Each of the Members does hereby constitute and appoint the Board of Directors and the liquidator with full power to act without the others, as such Member's true and lawful representative and attorney in-fact, in such Member's name, place and stead, solely for the purpose of making, executing, signing, acknowledging and delivering or filing in such form and substance as is approved by the Board of Directors or the liquidator (as the case may be): (a) all instruments, documents and certificates which may from time to time be required by any law to effectuate, implement and continue the valid and subsisting existence of the Company, or to qualify or continue the qualification of the Company in the State of Delaware and in all jurisdictions in which the Company may conduct business or own property, and any amendment to, modification to, restatement of or cancellation of any such instrument, document or certificate, and (b) all conveyances and other instruments, documents and certificates which may be required to effectuate the dissolution and termination of the Company approved in accordance with the terms of this Agreement. The powers of attorney granted herein shall be deemed to be coupled with an interest, shall be irrevocable, and shall survive the death, disability, incompetency, bankruptcy, insolvency or termination of any Member and the Transfer of all or any portion of such Member's Shares, and shall extend to such Member's heirs, successors, assigns, and personal representatives.

**12.06** **Notices.** Notices shall be addressed and delivered:

(a) If to the Company, to:

GM Cruise Holdings LLC  
1201 Bryant Street  
San Francisco, CA 94103  
Attention: Matt Gipple  
Ann Cathcart Chaplin  
Email: [mgipple@getcruise.com](mailto:mgipple@getcruise.com)  
[ann.cathcartchaplin@gm.com](mailto:ann.cathcartchaplin@gm.com)

with copies to:

General Motors Holdings LLC  
300 GM Renaissance Center  
Mail Code: 482-C22-A68

Detroit, Michigan, 48265  
Attention: Deputy General Counsel, Commercial, TaaS, Regulation &  
Litigation  
Email: ann.cathcartchaplin@gm.com

and

Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, NY 10016  
Facsimile: (212) 446-4900  
Attention: Peter Martelli  
Jonathan L. Davis  
Email: Peter.Martelli@kirkland.com  
Jonathan.Davis@kirkland.com

(b) If to a Member, to such Member or his personal representative at his or their last address known to the Company as disclosed on the records of the Company. Notices shall be in writing and shall be sent by facsimile or pdf e-mail (if promptly confirmed by personal delivery, telephone call or mail), by mailed postage prepaid, registered or certified, by United States mail, return receipt requested, by nationally recognized private courier or by personal delivery. Notices shall be effective, (i) if sent by facsimile or pdf e-mail, on the day sent, if sent before 5:00 p.m. New York, New York time, or on the next Business Day, if sent after 5:00 p.m. New York, New York time, in each case, subject to acknowledgement of receipt (not to be unreasonably withheld, conditioned or delayed), (ii) if sent by nationally recognized private courier, on the next Business Day, (iii) if mailed, three (3) Business Days after mailing or (iv) if personally delivered, when delivered.

**12.07 Facsimile and E-Mail.** This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or electronic transmission in portable document format (“pdf”), shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties hereto. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic transmission in pdf to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic transmission in pdf as a defense to the formation or enforceability of a contract and each such party forever waives any such defense. The words “writing”, “written” and comparable terms contained in this Agreement refer to printing, typing and other means of reproducing words (including electronic media or transmission) in visible form.

**12.08**      **Amendment.** Subject to Sections 5.12 and 6.13(a), this Agreement may be amended, modified, or waived only by the approval of both a Majority of the Members and the Board of Directors.

**12.09**      **Tax and Other Advice.** Each Member has had the opportunity to consult with such Member's own tax and other advisors with respect to the consequences to such Member of the purchase, receipt or ownership of the Shares, including the tax consequences under federal, state, local, and other income tax laws of the United States or any other country and the possible effects of changes in such tax laws. Such Member acknowledges that none of the Company, its Subsidiaries, Affiliates, successors, beneficiaries, heirs and assigns and its and their past and present directors, officers, employees, and agents (including their attorneys) makes or has made any representations or warranties to such Member regarding the consequences to such Member of the purchase, receipt or ownership of the Shares, including the tax consequences under federal, state, local and other tax laws of the United States or any other country and the possible effects of changes in such tax laws.

**12.10**      **Acknowledgments.** Upon execution and delivery of a counterpart to this Agreement or a joinder to this Agreement, each Member (including any of its successors or assigns, each Assignee and each Additional Member) shall be deemed to acknowledge to the Company as follows: (i) the determination of such Member to acquire Shares pursuant to this Agreement or any other agreement has been made by such Member independent of any other Member and independent of any statements or opinions as to the advisability of such purchase or as to the properties, business, prospects or condition (financial or otherwise) of the Company and its Subsidiaries which may have been made or given by any other Member or by any agent or employee of any other Member, (ii) no other Member has acted as an agent of such Member in connection with making its investment hereunder and that no other Member shall be acting as an agent of such Member in connection with monitoring its investment hereunder, (iii) each of the GM Investor and GM Parent has retained Kirkland & Ellis LLP in connection with the transactions contemplated hereby and expect to retain Kirkland & Ellis LLP as legal counsel in connection with the management and operation of the investment in the Company and its Subsidiaries, (iv) Kirkland & Ellis LLP is not representing and will not represent any other Member in connection with the transactions contemplated hereby or any dispute which may arise between the GM Investor, on the one hand, and any other Member, on the other hand, (v) such Member will, if it wishes counsel on the transactions contemplated hereby, retain its own independent counsel, (vi) Kirkland & Ellis LLP may represent the GM Investor, GM Parent and/or the Company in connection with any and all matters contemplated hereby (including any dispute between the GM Investor, GM Parent and/or the Company, on the one hand, and any other Member, on the other hand) and (vii) Kirkland & Ellis LLP has represented and may represent the Company on matters affecting the Company and its Subsidiaries, and such Member waives any conflict of interest in connection with all such representations by Kirkland & Ellis LLP.

**12.11**      **Miscellaneous.**

(a)      **Descriptive Headings.** The article or section titles or captions contained in this Agreement are for convenience only and shall not be deemed a part of this Agreement.

(b)      **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law and references to any

law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such law, but if any provision of this Agreement shall be unenforceable or invalid under applicable law in any jurisdiction or with respect to any Member, such provision shall be ineffective only to the extent of such unenforceability or invalidity and shall not affect the enforceability of any other provision in such jurisdiction or the enforcement of the entirety of this Agreement in any other jurisdiction or with respect to any other Member, but this Agreement will be reformed, construed and enforced in such jurisdiction and with respect to the applicable Member as if such invalid or unenforceable provision had never been contained herein. Notwithstanding the foregoing, if any court determines that any of the covenants or agreements set forth in this Agreement are overbroad under applicable law in time, geographical scope or otherwise, the Members specifically agree and authorize such court to rewrite this Agreement to reflect the maximum time, geographical and/or other restrictions permitted under applicable law to be reasonable and enforceable.

(c) Waiver. The failure of any Person to insist in one or more instances on performance by another Person of any obligation, condition or other term of this Agreement in strict accordance with the provisions hereof shall not be construed as a waiver of any right granted hereunder or of the future performance of any obligation, condition or other term of this Agreement in strict accordance with the provisions hereof, and no waiver with respect thereto shall be effective unless contained in a writing signed by or on behalf of the waiving party. The remedies in this Agreement shall be cumulative and are not exclusive of any other remedies provided by law.

(d) Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, representatives, successors and permitted assigns. Notwithstanding the foregoing or anything in this Agreement to the contrary, none of the Members may, without the prior written approval of the Board of Directors, assign or delegate any of his, her or its rights or obligations under this Agreement to any Person other than a Permitted Transferee (provided that, for clarity, SoftBank may not assign its obligations in Section 2.02(c)(i) other than pursuant to Section 9.02(c)); provided, however that the foregoing shall not prohibit or otherwise affect the ability of a Member to effect a Transfer of Shares in accordance with this Agreement.

(e) Entire Agreement. This Agreement (including the appendices, exhibits and schedules attached hereto, which are hereby incorporated herein by reference) and the other agreements referred to in or contemplated by this Agreement constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements, negotiations or representations with respect to the subject matter hereof and thereof.

(f) Governing Law. This Agreement shall be governed by the laws of the State of Delaware, including the Act, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(g) Construction. The parties hereto acknowledge and agree that each has negotiated and reviewed the terms of this Agreement, assisted by such legal and tax counsel as they desired, and has contributed to its revisions. The parties hereto further agree that the rule of



construction that any ambiguities are resolved against the drafting party will be subordinated to the principle that the terms and provisions of this Agreement will be construed fairly as to all parties hereto and not in favor of or against any party. The word "including" and other words of similar import means "including, without limitation" and where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. All pronouns shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the Person may require in the context thereof. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement. Any law, statute, rule or regulation defined or referred to herein means such law, statute, rule or regulation as from time to time amended, modified or supplemented. The terms "\$" and "dollars" means United States Dollars. A reference herein to this Agreement refers to this Agreement as it may hereafter be amended, modified, extended, restated or replaced from time to time in accordance with the provisions hereof and a reference to any other agreement refers to such other agreement as it may hereafter be amended, modified, extended, restated or replaced from time to time in accordance with the provisions thereof and the applicable limitations (if any) set forth in this Agreement. With respect to any matter requiring the approval, decision, determination or consent of any Person(s) hereunder (including the Members and the Board of Directors), if no other standard for granting, denying or making such approval, decision, determination or consent is provided in this Agreement, such approval, decision, determination or consent shall be made by such Person(s) in their sole discretion.

(h) Venue; Waiver of Jury Trial. This Agreement has been executed and delivered in and shall be deemed to have been made in Delaware. Each Member agrees to the exclusive jurisdiction of any state or federal court within Delaware, with respect to any claim or cause of action arising under or relating to this Agreement (provided that any order from any such court may be enforced in any other jurisdiction), and waives personal service of any and all process upon it, and consents that all services of process be made by registered mail, directed to it at its address as set forth in Section 12.06, and service so made shall be deemed to be completed when received. Each Member waives any objection based on *forum non conveniens* and waives any objection to venue of any action instituted hereunder. Nothing in this paragraph shall affect the right to serve legal process in any other manner permitted by law. EACH OF THE PARTIES HERETO (INCLUDING EACH MEMBER) IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTY IN RESPECT OF ITS, HIS OR HER OBLIGATIONS HEREUNDER.

(i) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(j) Third Parties. The agreements, covenants and representations contained herein are for the benefit of the Company and the Members and are not for the benefit of any third parties, including any creditors of the Company, except to the extent that any other Person is expressly granted any rights under this Agreement.

**12.12 Title to Company Assets.** Company assets shall be deemed to be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. Legal title to any or all Company assets may be held in the name of the Company or one or more nominees, as the Board of Directors may determine. The Board of Directors hereby declares and warrants that any Company assets for which legal title is held in the name of any nominee shall be held in trust by such nominee for the use and benefit of the Company in accordance with the provisions of this Agreement. All Company assets shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such Company assets is held.

**12.13 Creditors.** None of the provisions of this Agreement shall be for the benefit of or enforceable by any non-Member creditors of the Company or any of its Affiliates, and no non-Member creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Distributions, capital or property or the rights of the Board of Directors to require Capital Contributions other than as a secured creditor. Notwithstanding anything to the contrary in this Agreement, any Member who is, or whose Affiliates are, a creditor or lender of the Company or its Subsidiaries (including a trade creditor pursuant to any Commercial Agreement) shall be entitled to exercise all of its rights as a creditor or lender of the Company or its Subsidiaries, as set forth in the applicable credit document or other agreement between such Member (or its Affiliates) and the Company or its Subsidiaries, or otherwise available to such Member (or its Affiliates) in such capacity. Without limiting the generality of the foregoing, any such Member (or its Affiliates), in exercising its rights as a creditor or lender, will have no duty to consider (i) its or its Affiliates' status as a direct or indirect equity owner of the Company or its Subsidiaries, (ii) the interests of the Company or its Subsidiaries, or (iii) any duty it or any of its Affiliates may have hereunder or otherwise to any other Member, except as may be required under the applicable credit or other documents or by commercial law applicable to creditors generally.

**12.14 Remedies.** The Company and the Members shall be entitled to enforce their respective rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement (including costs of enforcement) and to exercise any and all other rights at law or at equity existing in their respective favor. The Company and each Assignee and Member further agrees and acknowledges that money damages shall not be an adequate remedy for any breach of the provisions of this Agreement (and thus waive as defense that there is an adequate remedy at law), and that, accordingly, the Company or any Member shall, in the event of any breach or threatened breach of this Agreement, be entitled (without posting a bond or other security) to seek an injunction or injunctions to prevent or restrain threatened breaches of, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement. The Company and each Member and Assignee hereby waives any right to claim that specific performance should not be ordered to prevent or remedy a breach or threatened breach of this Agreement, and agrees not to raise any objections on the basis that a remedy at law would be adequate or on any other basis, (a) to the availability or appropriateness of the equitable remedy of specific performance, or (b) to the rights of the Company and the Members to specifically enforce

the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of this Agreement. The remedies in this Agreement shall be cumulative and are not exclusive of any other remedies provided by law.

**12.15 Time is of the Essence; Computation of Time.** Time is of the essence for each and every provision of this Agreement. Whenever the last day for the exercise of any privilege or the discharge of any duty hereunder shall fall upon a day other than a Business Day, the party having such privilege or duty may exercise such privilege or discharge such duty on the next succeeding day which is a Business Day.

**12.16 Notice to Members of Provisions.** By executing this Agreement, each Member acknowledges that it has actual notice of (i) all of the provisions hereof (including the restrictions on transfer set forth in Article IX) and (ii) all of the provisions of the Certificate of Formation.

**12.17 Further Assurances.** In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary to effectuate and perform the provisions of this Agreement and those transactions.

**12.18 Termination.** Upon consummation of an IPO or a Sale of the Company, this Agreement will be terminated (and replaced, in the case of an IPO, by a suitable replacement stockholders' agreement as reasonably determined by the Board of Directors immediately prior to the IPO) and each of the Members will be fully, finally and forever discharged and released from any and all agreements, terms, covenants, conditions, representations, warranties and other obligations arising under this Agreement and all rights and benefits of the Members arising under this Agreement shall be fully, finally and forever terminated and extinguished; provided, that Article VII, Article XI and this Article XII (and, solely in the case of a Sale of the Company, Section 9.08 to the extent any obligations thereunder have not been fully performed) shall survive and continue to apply in accordance with the their terms.

*[signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**COMPANY:**

**GM CRUISE HOLDINGS LLC**

By: /s/ Geoffrey Richardson

Name: Geoffrey Richardson

Title: Chief Financial Officer

*[Signature Page to Second A&R LLC Agreement]*

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**MEMBER:**

**GENERAL MOTORS HOLDINGS LLC**

By: /s/ Daniel L. Ammann

Name: Daniel L. Ammann

Title: President

*[Signature Page to Second A&R LLC Agreement]*

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**MEMBER:**

**SB INVESTMENT HOLDINGS (UK) LIMITED**

By: /s/ Alok Sama

Name: Alok Sama

Title: Director

*[Signature Page to Second A&R LLC Agreement]*

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**MEMBER:**

**HONDA MOTOR CO., LTD.**

By: /s/ Seiji Kuraishi

Name: Seiji Kuraishi

Title: Executive Vice President and  
Representative Director

*[Signature Page to Second A&R LLC Agreement]*

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## Appendix I

For the purposes of this Agreement:

(a) “**2018/2019 Incentive Plan**” shall mean that employee incentive plan as established in accordance with the terms and conditions of the plan set forth on Section 5.2 of the Disclosure Letter to the SoftBank Purchase Agreement, as the same may be amended from time to time.

(b) “**A-1-A Preferred Share Conversion Ratio**” shall mean a multiple (which, for the avoidance of doubt, unless, and solely to the extent, Section 2.02(d)(ii) applies, may not be less than one (1)) equal to (i) the sum of the Class A-1-A Preferred Unpaid Return and the Class A-1-A Preferred Capital Value divided by (ii) \$1,000 (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event).

(c) “**A-1-B Preferred Share Conversion Ratio**” shall mean a multiple (which, for the avoidance of doubt, may not be less than one (1)) equal to (i) the sum of the Class A-1-B Preferred Unpaid Return and the Class A-1-B Preferred Capital Value divided by (ii) \$1,515.15 (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event).

(d) “**Affiliate**” shall mean, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through voting securities, by contract or otherwise. Notwithstanding the foregoing or anything in this Agreement to the contrary, (i) none of the Members shall be deemed to be an “Affiliate” of any other Member solely by virtue of owning Shares, (ii) none of the Members shall be deemed to be an “Affiliate” of the Company and (iii) neither the Company nor any of its Subsidiaries shall be deemed to be an “Affiliate” of any of the Members or any of their Affiliates.

(e) “**Agreement**” shall mean this Second Amended and Restated Limited Liability Company Agreement, including all appendices, exhibits and schedules hereto, as it may be amended, supplemented or otherwise modified from time to time.

(f) “**AGSA**” shall mean the Administrative and General Services Agreement entered into between GM and the Company dated as of June 28, 2018.

(g) “**Applicable ABAC Laws**” means all laws and regulations applying to the Company, any of its Subsidiaries or an Associated Person of either the Company or any of its Subsidiaries prohibiting bribery or some other form of corruption, including fraud and tax evasion.

(h) “**Applicable AML Laws**” means all laws and regulations applying to the Company, any of its Subsidiaries or an Associated Person of either the Company or any of its Subsidiaries



prohibiting money laundering, including attempting to conceal or disguise the identity of illegally obtained proceeds.

(i) “**Applicable Trade Laws**” means all import and export laws and regulations, including economic and financial sanctions, export controls, anti-boycott and customs laws and regulations applying to the Company, any of its Subsidiaries or an Associated Person of either the Company or any of its Subsidiaries.

(j) “**Associated Person**” means, in relation to a company or other entity, an individual or entity (including a director, officer, employee, consultant, agent or other representative) who or that has acted or performed services for or on behalf of that company or other entity but only with respect to actions or the performance of services for or on behalf of that company or other entity.

(k) “**AVCo Business**” shall have the meaning given to it in the IPMA.

(l) “**Blocked Person**” means any of the following: (a) a Person included in a restricted or prohibited list pursuant to one or more of the Applicable Trade Laws, including any Sanctioned Person; (b) an entity in which one or more Sanctioned Persons has in the aggregate, whether directly or indirectly, a fifty percent (50%) or greater equity interest; or (c) an entity that is controlled by a Sanctioned Person such that the entity, itself, would be considered a Sanctioned Person.

(m) “**Business Day**” shall mean a day other than a Saturday, a Sunday, or any day on which commercial banks New York City, New York, Detroit, Michigan or Tokyo, Japan are permitted to be closed.

(n) “**Call Notice/Optional SoftBank Conversion Notice Fair Market Value**” has the meaning given to it in Exhibit II.

(o) “**Capital Contribution**” shall mean a transfer of money or property by a Member to the Company, either as consideration for Shares or as additional capital without a requirement for the issuance of additional Shares.

(p) “**Cause**” shall mean, with respect to an Employee Member, the definition of “Cause” set forth in such Employee Member’s Share Grant Agreement, but will also include a breach of this Agreement by such Employee Member.

(q) “**CFIUS**” means the Committee on Foreign Investment in the United States.

(r) “**Change of Control**” means (i) any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of a Person (the “**Target**”), (ii) any reorganization, merger or consolidation of a Person, other than a transaction or series of related transactions in which the holders of the voting securities of such Person outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting

securities of such Person or such other surviving or resulting entity, or (iii) a sale, lease or other disposition of a majority of the assets of the Target and its Subsidiaries.

(s) “**Class A-1 Liquidation Preference Amount**” shall mean, as applicable, (i) the sum of the Class A-1-A Preferred Unpaid Return and the Class A-1-A Preferred Capital Value applicable to a Class A-1-A Preferred Share (the “**Class A-1-A Liquidation Preference Amount**”), and (ii) the sum of the Class A-1-B Preferred Unpaid Return and the Class A-1-B Preferred Capital Value applicable to a Class A-1-B Preferred Share (the “**Class A-1-B Liquidation Preference Amount**”).

(t) “**Class A-1 Preferred Capital**” shall mean the Class A-1-A Preferred Capital Value and the Class A-1-B Preferred Capital Value (as applicable).

(u) “**Class A-1 Preferred Capital Value**” shall mean the weighted average of the Class A-1-A Liquidation Preference Amount and the Class A-1-B Liquidation Preference Amount, based on the relative numbers of Class A-1-A Preferred Shares and Class A-1-B Preferred Shares.

(v) “**Class A-1 Preferred Member**” shall mean each Person admitted to the Company as a Member and who holds Class A-1-A Preferred Shares and/or Class A-1-B Preferred Shares.

(w) “**Class A-1 Preferred Return**” shall mean, with respect to each Class A-1 Preferred Share, the amount accruing for a particular Quarter on such Class A-1 Preferred Share at the rate of seven percent (7%) per annum, compounded on the last day of such Quarter, on (i) the Class A-1 Preferred Capital of such Class A-1 Preferred Share plus (ii) as the case may be, the Class A-1 Preferred Unpaid Return thereon. In calculating the amount of any Distribution to be made during a period, the portion of the Class A-1 Preferred Return with respect to such Class A-1 Preferred Share for the portion of the Quarterly period elapsing before such Distribution is made shall be taken into account in determining the amount of such Distribution.

(x) “**Class A-1 Preferred Unpaid Return**” shall mean the Class A-1-A Preferred Unpaid Return and the Class A-1-B Preferred Unpaid Return (as applicable).

(y) “**Class A-1-A Preferred Capital Value**” shall mean \$1,000 for each Class A-1-A Preferred Share issued with respect to the SoftBank Commitment, subject to appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event.

(z) “**Class A-1-A Preferred Member**” shall mean each Person admitted to the Company as a Member and who holds Class A-1-A Preferred Shares.

(aa) “**Class A-1-A Preferred Unpaid Return**” shall mean, with respect to any Class A-1-A Preferred Share as of any determination date, an amount not less than zero equal to (i) the aggregate Class A-1 Preferred Return for all prior Quarterly periods on such Class A-1-A Preferred Share as of such date, less (ii) the aggregate amount of cash Distributions made in respect of such Class A-1-A Preferred Share pursuant to Section 3.01(b)(i) and Section 3.01(b)(iii).

(bb) “**Class A-1-B Preferred Capital Value**” shall mean \$1,515.15 for each Class A-1-B Preferred Share issued with respect to the Subsequent SoftBank Commitment, subject to appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event.

(cc) “**Class A-1-B Preferred Member**” shall mean each Person admitted to the Company as a Member and who holds Class A-1-B Preferred Shares.

(dd) “**Class A-1-B Preferred Unpaid Return**” shall mean, with respect to any Class A-1-B Preferred Share as of any determination date, an amount not less than zero equal to (i) the aggregate Class A-1 Preferred Return for all prior Quarterly periods on such Class A-1-B Preferred Share as of such date, less (ii) the aggregate amount of cash Distributions made in respect of such Class A-1-B Preferred Share pursuant to Section 3.01(b)(i) and Section 3.01(b)(iii).

(ee) “**Class A-2 Liquidation Preference Amount**” shall mean the Class A-2 Preferred Capital Value applicable to such Class A-2 Preferred Share.

(ff) “**Class A-2 Preferred Capital Value**” shall mean \$1,000 for each Class A-2 Preferred Share issued with respect to the GM Commitment, subject to appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event.

(gg) “**Class A-2 Preferred Member**” shall mean each Person admitted to the Company as a Member and who holds Class A-2 Preferred Shares.

(hh) “**Class B Floor Amount**” means, with respect to any Class B Common Share, an aggregate amount determined by the Board of Directors in its sole discretion and set forth in the applicable Share Grant Agreement (which such amount may be zero).

(ii) “**Class B Member**” shall mean each Person admitted to the Company as a Member and who holds Class B Common Shares.

(jj) “**Class C Member**” shall mean each Person admitted to the Company as a Member and who holds Class C Common Shares.

(kk) “**Class D Member**” shall mean each Person admitted to the Company as a Member and who holds Class D Common Shares.

(ll) “**Class E Member**” shall mean each Person admitted to the Company as a Member and who holds Class E Common Shares.

(mm) “**Code**” shall mean the Internal Revenue Code of 1986, as amended.

(nn) “**Commercial Agreements**” shall have the meaning given to “Commercial Agreements” in the SoftBank Purchase Agreement.

(oo) “**Commitments**” shall mean, collectively, the GM Commitment, the SoftBank Commitment, the Subsequent SoftBank Commitment, the Honda Commitment and any additional commitment from an existing or new Investor (which, in each case, represents (or in the case of any additional commitments, will represent) the aggregate amount of Capital Contributions that such Investor has committed (or in the case of any additional commitments, will commit) to make to the Company in exchange for the issuance of Shares and subject in all respects to the terms and conditions set forth in this Agreement and the SoftBank Purchase Agreement or Honda Purchase Agreement, as applicable).

(pp) “**Common Shares**” shall mean, collectively, the Class B Common Shares, Class C Common Shares, Class D Common Shares and Class E Common Shares.

(qq) “**Control Period**” shall mean the period from the date of this Agreement until the earlier of (i) the consummation of an IPO, and (ii) the date on which the GM Investor holds less than fifty percent (50%) of the total number of Shares (on an as-converted basis as if all Junior Interests are deemed converted (on a Fully Diluted Basis) to Class D Common Shares on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and all Class A-1 Preferred Shares are deemed converted to Class D Common Shares pursuant to Section 2.10(b)).

(rr) “**Covered Person**” shall mean a Person who is or was (i) a Member or a Director, Officer, director, shareholder, partner, member, trustee, fiduciary or beneficiary of the Company or any Subsidiary of the Company or of a Member, or (ii) a director, officer, shareholder, partner, trustee, fiduciary or beneficiary of another Person serving as such at the request of the Company or any Subsidiary of the Company, for the Company’s or any of its Subsidiary’s benefit.

(ss) “**Designated Matter**” with respect to a Covered Person shall mean a matter that is or is claimed to be a matter related to his or her duties to the Company, any of its Subsidiaries or any related entity or the performance of (or failure to perform) duties for the Company or any of its Subsidiaries.

(tt) “**DGCL**” shall mean the State of Delaware General Corporation Law, as amended from time to time.

(uu) “**Director**” shall mean a Person designated to the Board of Directors pursuant to Section 6.03.

(vv) “**Distribution**” shall mean each distribution made by the Company to a Member with respect to such Person’s Shares, whether in cash, property or securities of the Company and whether by dividend, redemption, repurchase or otherwise; provided, that none of the following shall be deemed a Distribution: (i) any redemption or repurchase by the Company of any securities of the Company in connection with the termination of employment of an employee of the Company or any of its Subsidiaries or otherwise pursuant to a Share Grant Agreement and (ii) any recapitalization, exchange or conversion of Shares, and any subdivision (by share split or otherwise) or any combination (by reverse share split or otherwise) of any outstanding Shares.

(ww) “**EDSA**” shall mean the Engineering and Design Services Agreement entered into between GM Global Technology Operations LLC and the Company dated as of June 28, 2018.

(xx) “**Employee Member**” shall mean a Member who is or was an employee, officer, director, manager or other service provider of the Company or one of its Subsidiaries or who is wholly owned by or is a Family Trust or other similar entity of one or more of the current or former employees, officers, directors, managers or other services providers of the Company or one of its Subsidiaries. Any reference in this Agreement to an Employee Member shall mean, in the case of a Member who is wholly owned by or is a member of the Family Group of one or more of the current or former employees, officers, directors, managers or other service providers of the Company or one of its Subsidiaries, the current or former employee, officer, director, manager or other service provider of the Company or one of its Subsidiaries, or such Member that is wholly owned or is a member of the Family Group or other similar entity of such Person (regardless of whether such current or former employee, officer, director, manager or other service provider or such wholly owned entity, member of the Family Group or other similar entity is a Member), as the context so requires.

(yy) “**Equity Securities**” shall mean all forms of equity securities in the Company, its Subsidiaries or their successors (including Shares), all securities convertible into or exchangeable for equity securities in the Company, its Subsidiaries or their successors, and all options, warrants, and other rights to purchase or otherwise acquire equity securities, or securities convertible into or exchangeable for equity securities, from the Company, its Subsidiaries or their successors.

(zz) “**Equivalent Terms**” shall mean a proposal on terms, including all legal, financial, regulatory and other aspects of such proposal, including termination fee and/or expense reimbursement provisions, conditionality, financing, antitrust, timing, indemnification and post-closing limitations of liability and such other factors, events or circumstances as the Board of Directors considers in good faith to be appropriate, that is (i) reasonably likely to be consummated in accordance with its terms and (ii) at least as favorable to the Transferor(s) pursuant to Section 9.01(a)(v) as the terms set forth in the ROFR Sale Notice.

(aaa) “**Exchange Agreement**” shall mean the Exchange Agreement in the form agreed to by the then existing Members and the Company on the date of the SoftBank Purchase Agreement.

(bbb) “**Fair Market Value**” with respect to securities traded on a stock exchange or over-the-counter market as of any date shall be the mean between the highest and lowest quoted selling prices, or if none, the mean between the bona fide bid and asked prices, on the valuation date, or if the foregoing is not applicable, otherwise determined in a manner not inconsistent with Treasury Regulation §20.2031-2. Fair Market Value of any other assets shall be their fair market value as determined in good faith by the Board of Directors.

(ccc) “**Family Group**” shall mean, for any individual, such individual’s current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) and the spouses of such descendants, and any trust, limited partnership, corporation or limited liability company established solely for the benefit of such individual or such individual’s current or former

spouse, their respective parents, descendants of such parents (whether natural or adopted) or the spouses of such descendants.

(ddd) “**Fiscal Year**” shall mean the calendar year.

(eee) “**Fully Diluted Basis**” shall mean the number of Shares which would be outstanding, as of the date of computation, if all convertible obligations, options, RSUs, warrants and like rights, and other instruments to acquire Shares had been converted or exercised (or, if not then granted and reserved for grant or issuance, all such obligations, options, RSUs, warrants and other instruments which are so reserved for grant or issuance, calculated in accordance with the treasury method).

(fff) “**GAAP**” shall mean generally accepted accounting principles applied in the United States.

(ggg) “**GM Affiliated Group**” means the affiliated group of corporations of which GM Parent is the “common parent,” within the meaning of Section 1504 of the Code.

(hhh) “**GM Business**” shall have the meaning given to it in the IPMA.

(iii) “**GM Consolidated Return**” means the consolidated U.S. federal income tax return of GM Parent filed pursuant to Section 1501 of the Code.

(jjj) “**GM Investor**” shall mean (i) GM, (ii) to the extent they are Members, any of Affiliate of GM, and (iii) any other Person not an Affiliate of GM to whom GM or any of its Affiliates have transferred Shares and who has been admitted as a Member of the Company.

(kkk) “**GM Parent**” means General Motors Company or, if General Motors Company has merged or consolidated into any other Person (or sold all or substantially all of its assets in any one or a series of related to transactions to such other Person), then the parent company of such other Person.

(lll) “**Governmental Authority**” shall mean any government or governmental or regulatory body thereof, or political subdivision thereof, whether foreign, federal, state, or local or any agency, instrumentality or authority thereof or any court.

(mmm) “**Honda Call Trigger Date**” means the date on which (i) Honda terminates all of the Honda Commercial Agreements, excluding the Marketing and Network Access Fee Agreement, to which the Company is a party or (ii) the Company and/or GM terminate all of the Honda Commercial Agreements, excluding the Marketing and Network Access Fee Agreement, to which the Company is a party pursuant to the terms and conditions thereof due to a breach of such agreements by Honda.

(nnn) “**Honda CFIUS Approval**” means any of the following: (i) CFIUS shall have concluded that the relevant transaction does not constitute a “covered transaction” and are not subject to review under Section 721 of the U.S. Defense Production Act of 1950; (ii) CFIUS shall have issued a written notification that it has concluded its review (and, if applicable, any investigation) of the notice filed with it in connection with the relevant transaction and determined that there are

no unresolved national security concerns with respect to such transactions; (iii) if CFIUS has sent a report to the President of the United States requesting the President's decision with respect to the relevant transaction and either (A) the period under Section 721 of the Defense Production Act of 1950 during which the President may announce his decision to take action to suspend or prohibit the relevant transaction shall have expired without any such action being announced or taken, or (B) the President shall have announced a decision not to take any action to suspend or prohibit the relevant transaction; or (iv) Honda and GM, following consultation with CFIUS, shall have agreed to proceed without filing a formal notice to CFIUS. For the purpose of this definition, "relevant transaction" shall mean the grant to Honda of the rights and obligations granted to its hereunder for which CFIUS Approval is required.

(ooo) "**Honda Commercial Agreements**" means, collectively, (i) that certain Shared Autonomous Vehicle Development Agreement, dated the date of this Agreement, by and among the Company, GM, GM Global Technology Operations LLC, Honda and Honda R&D Co, (ii) that certain ZEV Credit Agreement, dated the date of this Agreement, by and between General Motors LLC and American Honda Motor Co., Inc., (iii) the Marketing and Network Access Fee Agreement and (iv) any other agreement that the Company and Honda agree will be a Honda Commercial Agreement.

(ppp) "**Honda Competitively Sensitive Information**" shall mean any information that is determined by the chief executive officer or the chief legal officer of the Company or the Board of Directors (in each case as determined in his, her or its reasonable judgment) to be competitively sensitive with respect to the AVCo Business (which shall include any information of the type identified to Honda prior to the execution of the Honda Purchase Agreement).

(qqq) "**Honda Floor Amount**" shall mean 495,000 Class E Common Shares (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event).

(rrr) "**Honda Trigger Date**" shall mean the later of (i) October 3, 2025 and (ii) the termination (or expiration, pursuant to their terms) of all of the Honda Commercial Agreements to which the Company is a party; provided that if any Honda Commercial Agreement was terminated by the Company or GM pursuant to the terms and conditions thereof due to breach by Honda of its obligations thereunder, the Honda Trigger Date will be October 3, 2025.

(sss) "**Honda Restricted Person**" shall mean any Person who, either directly or indirectly or through an Affiliate, is a competitor of either (i) the Company or any of its Subsidiaries as reasonably determined by the Board of Directors, or (ii) the GM Investor (or its Affiliates) as reasonably determined by the GM Investor in good faith; provided, however, that a Person shall not be deemed a Honda Restricted Person solely as a result of owning, directly or indirectly, less than five percent (5%) of the outstanding capital stock of a publicly traded company that is a competitor of the Company or the GM Investor (or its Affiliates). Honda Restricted Person shall include: (A) those Persons on the list provided to Honda prior to the execution of the Honda Purchase Agreement and (B) any Person that is developing or commercializing or selling autonomous vehicles for any use.

(ttt) “**Indemnity Agreement**” shall mean the Indemnity Agreement entered into between GM and the Company dated the date as of June 28, 2018.

(uuu) “**Independent Director**” shall mean a Director who is not an executive officer or employee of the Company and its Subsidiaries or the GM Investor and who has no relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

(vvv) “**Independent Third Party**” shall mean any Person who, immediately before the contemplated transaction, (i) is not a Member (ii) is not an Affiliate of any Member, (iii) is not the spouse or descendent (by birth or adoption) or the spouse of a descendant of any Member, and (iv) is not a trust for the benefit of any Member and/or such other Persons.

(www) “**Investors**” shall mean, collectively, the GM Investor, SoftBank, Honda and any other Person that makes an Additional Commitment or acquires Shares in exchange for a Capital Contribution.

(xxx) “**IPMA**” shall mean the Intellectual Property Matters Agreement entered into between GM and the Company dated June 28, 2018.

(yyy) “**IPO**” shall mean (i) an initial public offering of the Company’s, or any parent’s or successor entity’s, securities of any class (other than debt securities containing no equity features and not convertible into equity securities) in accordance with the provisions of the Securities Act, other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form, (ii) a distribution of IPO Shares to the stockholders of GM’s ultimate parent company pursuant to a Form 10 (or successor form), or (iii) the registration of the resale of IPO Shares by certain Members of the Company pursuant to a Form S-1 (or successor form) filed by the Company.

(zzz) “**Junior Interests**” shall mean the Class A-2 Preferred Shares, the Class B Common Shares, the Class C Common Shares, the Class D Common Shares, the Class E Common Shares and any other Equity Interests designated as Junior Interests by the Board of Directors.

(aaaa) “**Junior Members**” shall mean the Class A-2 Preferred Members, the Class B Members, the Class C Members, the Class D Members and the Class E Members and any other Members designated as Junior Members by the Board of Directors.

(bbbb) “**Majority of a Committee**” shall mean, with respect to any committee of the Board of Directors, as of any given time, the members of such committee having a majority of the votes of such committee.

(cccc) “**Majority of the Board**” shall mean as of any given time, the Directors having the right to cast a majority of the votes of the Board of Directors.

(dddd) “**Majority of the Class A-1 Preferred**” shall mean, as of any given time, the Class A-1 Preferred Members holding a majority of the then outstanding Class A-1 Preferred Shares.



For clarity, a written consent, signed by Class A-1 Preferred Members holding a majority of the then outstanding Class A-1 Preferred Shares, shall constitute a Majority of the Class A-1 Preferred.

(eeee) “**Majority of the Class A-2 Preferred**” shall mean, as of any given time, the Class A-2 Preferred Members holding a majority of the then outstanding Class A-2 Preferred Shares. For clarity, a written consent, signed by Class A-2 Preferred Members holding a majority of the then outstanding Class A-2 Preferred Shares, shall constitute a Majority of the Class A-2 Preferred.

(ffff) “**Majority of the Class C Common**” shall mean, as of any given time, the Members holding a majority of the then outstanding Class C Common Shares.

(gggg) “**Majority of the Common Shares**” shall mean, as of any given time, the Members holding a majority of the votes of the then outstanding Class E Common Shares, Class D Common Shares, Class C Common Shares and Class B Common Shares. For clarity, (i) a written consent, signed by Members holding a majority of the votes of the then outstanding Class E Common Shares, Class D Common Shares, Class C Common Shares and Class B Common Shares, shall constitute a Majority of the Common Shares, and (ii) pursuant to Section 5.01, in determining the Majority of the Common Shares each Class B Common Share, each Class D Common Share and each Class E Common Share will carry one (1) vote per Share and each Class C Common Share will carry ten (10) votes per Share.

(hhhh) “**Majority of the Members**” shall mean, as of any given time, the Members holding the majority of the voting rights with respect to then outstanding Shares, as such voting rights are allocated pursuant to Section 5.01.

(iiii) “**Marketing and Network Access Fee Agreement**” means that certain Marketing and Network Access Fee Agreement, dated the date of this Agreement, by and between the Company and Honda.

(jjjj) “**Member**” shall mean the GM Investor, SoftBank, Honda and any other Person that is a Member as of the date hereof and each other Person admitted as a Substituted Member or Additional Member in accordance with this Agreement, but in each case only so long as such Person continually holds any Shares.

(kkkk) “**OEM Acquisition**” shall mean (i) the GM Investor, together with its Subsidiaries, becoming the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the outstanding voting securities of an automotive OEM having the right to vote for the election of members of the board of directors (or equivalent body) of the automotive OEM or (ii) a sale, lease or other disposition to the GM Investor and its Subsidiaries (collectively) of all or substantially all of the assets of an automotive OEM.

(llll) “**OEM Investment**” shall mean the acquisition of a material percentage of the outstanding Shares of the Company by any automotive OEM.

(mmmm) “**OEM Restricted Investment**” shall mean the acquisition of a number of Shares of the Company greater than or equal to the lesser of (i) Honda’s fully diluted ownership,

as of the date of the signing of the definitive agreement for such acquisition, and (ii) 5% of the Shares of the Company (on a Fully Diluted Basis), in each case by any automotive OEM previously identified to Honda prior to the execution of the Honda Purchase Agreement.

(nnnn) “**Optional SoftBank Conversion Share Price**” shall mean the value, per Class A-1 Preferred Share or Class D Share (as applicable), calculated as follows:

(i) First, all Junior Interests shall be deemed converted (on a Fully Diluted Basis) to Class D Common Shares on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and all Class A-1 Preferred Shares are deemed converted to Class D Common Shares pursuant to Section 2.10(b) (collectively the number of Class D Shares resulting from the deemed conversion, the “**Total Optional Conversion Shares**”). For clarity, such “deemed” conversion pursuant to this definition shall solely be for the purposes of calculating the Optional SoftBank Conversion Share Price, and no actual conversion shall occur pursuant to this definition.

(ii) Second, the Optional SoftBank Conversion Share Price shall be: (A) for each Class A-1-A Preferred Share, the Call Notice/Optional SoftBank Conversion Notice Fair Market Value, multiplied by a fraction (1) the numerator of which is the number of Class D Common Shares into which each Class A-1-A Preferred Share of such Class A-1 Preferred Member was deemed converted pursuant to subsection (i) above, and (2) the denominator of which is the Total Optional Conversion Shares; (B) for each Class A-1-B Preferred Share, the Call Notice/Optional SoftBank Conversion Notice Fair Market Value, multiplied by a fraction (1) the numerator of which is the number of Class D Common Shares into which each Class A-1-B Preferred Share of such Class A-1 Preferred Member was deemed converted pursuant to subsection (i) above, and (2) the denominator of which is the Total Optional Conversion Shares; and (C) for each Class D Common Share, the Call Notice/Optional SoftBank Conversion Notice Fair Market Value multiplied by a fraction (1) the numerator of which is such number of Class D Common Shares and (2) the denominator of which is the Total Optional Conversion Shares.

(oooo) “**Other Party**” shall mean (i) with respect to the Company or any of its Subsidiaries, the GM Investor and (ii) with respect to the GM Investor, the Company.

(pppp) “**Per Class A-1 Preferred Share FMV**” shall mean the Standardized FMV (as defined in, and determined in accordance with, Exhibit II) divided by the total outstanding Shares as of the time of the determination of the Call Notice/Optional SoftBank Conversion Notice Fair Market Value as if each Share (on a Fully Diluted Basis) was converted into a Class D Common Share (with Junior Interests being converted on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and Class A-1 Preferred Shares being converted pursuant to Section 2.10(b)).

(qqqq) “**Per Class E FMV**” shall mean the Standardized FMV (as defined in, and determined in accordance with, Exhibit II) divided by the total outstanding Shares as of the time of the determination of the Call Notice/Optional SoftBank Conversion Notice Fair Market Value

as if each Share (on a Fully Diluted Basis) was converted into a Class D Common Share (with Junior Interests being converted on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and Class A-1 Preferred Shares being converted pursuant to Section 2.10(b)).

(rrrr) **“Person”** shall mean an individual, a partnership, a corporation, a limited liability company or limited partnership, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

(ssss) **“Preemptive Proportion”** shall mean, with respect to a holder of Preemptive Shares as of any given time, an amount, expressed as a decimal, equal to (i) the number of Class D Common Shares held by such Member as if all Junior Interests owned by such holder of Preemptive Shares are deemed converted (on a Fully Diluted Basis) to Class D Common Shares on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and all Class A-1 Preferred Shares held by such holder of Preemptive Shares are converted to Class D Common Shares pursuant to Section 2.10(b), divided by (ii) the Total Conversion Shares (excluding, for the purpose of calculating the Total Conversion Shares, any Class B Common Share, including any Vested Class B Common Share).

(tttt) **“Preemptive Shares”** shall mean each class of Shares other than the Class B Common Shares.

(uuuu) **“Prime Rate”** shall mean the prime rate in effect at the time at the New York City offices of Citibank, N.A.

(vvvv) **“Qualified Appraiser”** shall mean a globally recognized investment banking firm; provided, however, if such firm is the third “Qualified Appraiser” referred to in Exhibit II, then it shall not have (i) been engaged for any M&A advisory or other similar services or (ii) served as a lead or co-lead “bookrunner” for a debt or equity issuance in excess of \$500,000,000 by or for the GM Investor, SVF, SVFA, SoftBank or any Affiliate of the foregoing during the three (3) year period preceding such firm’s appointment.

(wwww) **“Quarter”** shall mean each calendar quarter.

(xxxx) **“Registrable Equity Securities”** shall mean, at any time, any Equity Securities of the Company, or any corporate successor to the Company by way of conversion, or any of their respective Subsidiaries which effects the IPO held by any Member until (i) a registration statement covering such Equity Securities has been declared effective by the SEC and such Equity Securities have been disposed of pursuant to such effective registration statement, (ii) such Equity Securities are sold under Rule 144 under the Securities Act or (iii) such Equity Securities are otherwise Transferred, the Company has delivered a new certificate or other evidence of ownership for such

Equity Securities not bearing the legend required pursuant to this Agreement and such Equity Securities may be resold without subsequent registration under the Securities Act.

(yyyy) “**Restricted Business**” shall mean, (i) with respect to the Company or any of its Subsidiaries, the GM Business and (ii) with respect to the GM Investor or any of its Subsidiaries, the AVCo Business.

(zzzz) “**Sale of GM Parent**” shall mean a transaction with an Independent Third Party or group of Independent Third Parties acting in concert, pursuant to which such Person or Persons acquire (the “**GM Acquirer**”), in any single transaction or series of related transactions, (i) more than fifty percent (50%) of the issued and outstanding voting securities of GM Parent (or any surviving or resulting company) or (ii) all or substantially all of the GM Parent’s assets determined on a consolidated basis (in either case, whether by merger, consolidation, sale, exchange, issuance, Transfer or redemption of GM Parent’s equity securities, by sale, exchange or Transfer of the GM Parent’s consolidated assets or otherwise).

(aaaaa) “**Sale of the Company**” shall mean any transaction or series of related transactions with an Independent Third Party or group of Independent Third Parties acting in concert, pursuant to which such Person or Persons acquire (i) more than fifty percent (50%) of the issued and outstanding Equity Securities or (ii) all or substantially all of the Company’s assets determined on a consolidated basis (in either case, whether by merger, consolidation, sale, exchange, issuance, Transfer or redemption of the Company’s Equity Securities, by sale, exchange or Transfer of the Company’s consolidated assets or otherwise). For clarity, an IPO will not be a Sale of the Company.

(bbbbb) “**Sanctioned Person**” shall mean (i) (A) any Persons identified in the List of Specially Designated Nationals and Blocked Persons, the Foreign Sanctions Evaders List, the E.O. 13599 List, or the Sectoral Sanctions Identifications List, in each case administered by OFAC, and any other sanctions or similar lists administered by any agency of the U.S. Government, including the U.S. Department of State and the U.S. Department of Commerce and (B) any Persons owned or controlled, directly or indirectly, by such Person or Persons; (ii) any Persons identified on any sanctions lists of the European Union, the United Kingdom or any other jurisdiction; (iii) Persons identified on any list of sanctioned parties identified in a resolution of the United Nations Security Council; and (iv) any Persons located, organized or a resident in a Sanctioned Territory.

(ccccc) “**Sanctioned Territory**” shall mean, at any time, a country or geographic region that is itself the subject or target of any comprehensive Sanctions within the past five years, which includes: Crimea, Cuba, Iran, North Korea, Sudan, and Syria.

(dddd) “**Sanctions**” shall mean (i) the economic sanctions and trade embargo Laws, rules, regulations, and executive orders of the United States, including those administered or enforced from time to time by OFAC or the U.S. Department of State, the International Emergency Economic Powers Act (50 U.S.C. §§1701 et seq.), and the Trading with the Enemy Act (50 App. U.S.C. §§1 et seq.); and (ii) any other similar and applicable economic sanctions and trade embargo Laws, rules, or regulations of any foreign Governmental Authority, including but not limited to, the European Union, the United Kingdom, and the United Nations Security Council.

(eeee) “**SEC**” shall mean the United States Securities and Exchange Commission.

(ffff) “**Second Tranche Conditions**” shall mean the following conditions: (i) the CFIUS Condition, and (ii) there shall not, at the time of consummation of the transactions contemplated by Section 2.02(c)(i), be in effect and Law or Order (each as defined in the Purchase Agreement) enacted or entered by a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by Section 2.02(c)(i).

(gggg) “**Securities Act**” shall mean the Securities Act of 1933, as amended.

(hhhh) “**Share Grant Agreements**” shall mean any written agreement entered into between the Company and any Person issued Class B Common Shares, evidencing the terms and conditions of an individual grant of Class B Common Shares.

(iiii) “**Sidecar Fund**” shall mean a fund which both (i) has the same investment manager (which, as at the date of this Agreement, is SB Investment Advisers (UK) Limited) as SVF, and (ii) does not have any limited partners that are not also limited partners in SVF.

(jjjj) “**SoftBank CFIUS Approval**” means any of the following: (i) CFIUS shall have concluded that the relevant transaction does not constitute a “covered transaction” and are not subject to review under Section 721 of the U.S. Defense Production Act of 1950; (ii) CFIUS shall have issued a written notification that it has concluded its review (and, if applicable, any investigation) of the notice filed with it in connection with the relevant transaction and determined that there are no unresolved national security concerns with respect to such transactions; or (iii) if CFIUS has sent a report to the President of the United States requesting the President’s decision with respect to the relevant transaction and either (A) the period under Section 721 of the Defense Production Act of 1950 during which the President may announce his decision to take action to suspend or prohibit the relevant transaction shall have expired without any such action being announced or taken, or (B) the President shall have announced a decision not to take any action to suspend or prohibit the relevant transaction. For the purpose of this definition, “relevant transaction” shall mean (i) the grant to SoftBank (and its Affiliates) of the rights and obligations granted to them hereunder for which CFIUS Approval is required, and (ii) the consummation of the transactions contemplated by Section 2.02(c)(i).

(kkkk) “**SoftBank CFIUS Condition**” shall mean: (i) SoftBank CFIUS Approval has been received and (ii) unless waived by SoftBank, CFIUS shall not have required or imposed any Burdensome Conditions (as defined in the SoftBank Purchase Agreement).

(llll) “**SoftBank Competitively Sensitive Information**” shall mean any information that is determined by the chief executive officer or the chief legal officer of the Company or the Board of Directors (in each case as determined in his, her or its reasonable judgment) to be competitively sensitive with respect to the AVCo Business (which shall include any information of the type identified to SVF prior to the execution of the SoftBank Purchase Agreement).

(mmmm) “**SoftBank Floor Amount**” shall mean five percent (5%) of the total outstanding Shares in the Company as if each Share (on a Fully Diluted Basis) was converted into

a Class D Common Share (with Junior Interests being converted on a 1:1 basis (as adjusted, as necessary, to reflect appropriate and proportional adjustments to take into account any subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination of shares or similar event) and Class A-1 Preferred Shares being converted pursuant to Section 2.10).

(nnnnn) “**SoftBank Group Corp.**” shall mean SoftBank Group Corp., a corporation incorporated under the laws of Japan.

(ooooo) “**SoftBank Party**” shall mean (i) any investment fund, investment vehicle or other account that is, directly or indirectly, managed or advised by SVF or any of its Affiliates, and shall include SoftBank Vision Fund (AIV M2) L.P., a Delaware limited partnership, and SoftBank Vision Fund (AIV S1) L.P., a Delaware limited partnership (each, a “**SoftBank Fund**”), (ii) each Affiliate of each SoftBank Fund, (iii) SVF, SVFA, SoftBank Group Corp. and each Affiliate of SVF, SVFA or SoftBank Group Corp., (iv) each portfolio company of any SoftBank Fund, SVF, SVFA, SoftBank Group Corp. or any of their Affiliates and (v) any Person in which any SoftBank Fund, SVF, SVFA, SoftBank Group Corp. or any of their Affiliates holds a non-controlling and minority position.

(ppppp) “**SoftBank Purchase Agreement**” shall mean that certain Purchase Agreement, dated as of May 31, 2018, by and among the Company, GM and SVF.

(qqqqq) “**SoftBank Restricted Person**” shall mean any Person who, either directly or indirectly or through an Affiliate, is a competitor of either (i) the Company or any of its Subsidiaries as reasonably determined by the Board of Directors, or (ii) the GM Investor (or its Affiliates) as reasonably determined by the GM Investor in good faith; provided, however, that a Person shall not be deemed a SoftBank Restricted Person solely as a result of owning, directly or indirectly, less than five percent (5%) of the outstanding capital stock of a publicly traded company that is a competitor of the Company or the GM Investor (or its Affiliates). SoftBank Restricted Person shall include: (A) those Persons on the list provided to SVF prior to the execution of the SoftBank Purchase Agreement and (B) any Person that is developing or commercializing or selling autonomous vehicles for any use.

(rrrrr) “**SoftBank Trigger Date**” shall mean June 28, 2025.

(sssss) “**Subsidiary**” shall mean with respect to any Person, any corporation, partnership, limited liability company, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a partnership, limited liability company, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For the purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person or Persons shall be allocated a majority of partnership, limited liability company, association or other business entity gains or losses or shall be or control or have

the right to appoint, as the case may be, the managing director, manager, board of advisors, a company or other governing body of such partnership, limited liability company, association or other business entity by means of ownership interest, agreement or otherwise.

(tttt) “**SVF**” shall mean SoftBank Vision Fund (AIV M1) L.P., a Delaware limited partnership.

(uuuuu) “**SVFA**” shall mean either (i) SVF, if SoftBank has Transferred its shares to SVF pursuant to Section 9.02(c), or (ii) the Sidecar Fund.

(vvvvv) “**Technical Information**” shall mean all information of the Company or any of its Subsidiaries that is related to the technology, intellectual property, data, know-how, software, trade secrets, hardware, algorithms, technical processes, source code, and any other information that could reasonably enable a third party to reverse engineer any of the foregoing; provided, that Technical Information shall not include information pertaining to the performance and general characteristics of the technology, software, and hardware of the Company or any of its Subsidiaries.

(wwwww) “**Transaction Documents**” shall mean this Agreement, the SoftBank Purchase Agreement, the IPMA, the EDSA, the AGSA, the Indemnity Agreement and the Share Grant Agreements entered into in connection with the First A&R Agreement.

(xxxxx) “**Transfer**” shall mean any transfer, sale, assignment, pledge, encumbrance or other disposition, directly or indirectly (including by merger or sale of equity in any direct or indirect holding company (including a corporation) or otherwise), irrespective of whether any of the foregoing are effected voluntarily or involuntarily, by operation of law or otherwise, or whether inter vivos or upon death.

(yyyyy) “**Treasury Regulations**” shall mean the income tax regulations promulgated under the Code and effective as of the date hereof.

(zzzzz) “**Unvested Class B Common Share**” shall mean any such Class B Common Share that, under the provisions of the Share Grant Agreement applicable to such Class B Common Share, is not a Vested Class B Common Share.

(aaaaa) “**Vested Class B Common Share**” shall mean, as of any time of determination, any Class B Common Share that is vested pursuant to the terms of the Share Grant Agreement applicable to such Class B Common Share and this Agreement.

Other defined terms are contained in the following sections of this Agreement:

<b>Defined Term</b>	<b>Section Where Found</b>
A-1-B Antitrust Approvals	Section 2.02(b)(i)
A-2 Preferred Directors	Section 6.03(a)
Acceptance Period	Section 2.07(a)
Accounting Firm	Section 4.03(f)
Acquired Person	Section 11.02(b)(v)

<b>Defined Term</b>	<b>Section Where Found</b>
Act	Section 1.02
Additional Member	Section 9.04(b)
Admission Date	Section 9.03(c)
Advance Notice	Section 2.02(c)(i)
Aggregate Company Hypothetical Pre-Deconsolidation Tax Amount	Section 4.03(n)(i)
Amended Tag Notice	Section 9.07(c)
Applicable FMV Parties	Exhibit II
Assignee	Section 9.03(a)
Binding Transaction Agreement	Section 9.01(a)(v)
Board Observers	Section 6.04
Board of Directors	Section 6.01(a)
Call Notice	Section 9.12(b)
Cash Election	Section 9.13(b)
CD Notice	Section 2.02(c)(i)
Certificated Shares	Section 2.08
Chairman	Section 6.03(b)
Class A-1 Preferred Shares	Section 2.01(a)
Class A-1/D Purchase	Section 9.12(a)
Class A-1-A Liquidation Preference Amount	Appendix I
Class A-1-A Preferred Shares	Section 2.01(a)
Class A-1-B Liquidation Preference Amount	Appendix I
Class A-1-B Preferred Shares	Section 2.01(a)
Class A-2 Preferred Shares	Section 2.01(a)
Class B Common Shares	Section 2.01(a)
Class C Common Shares	Section 2.01(a)
Class D Common Shares	Section 2.01(a)
Class E Common Shares	Section 2.01(a)
Class E Purchase	Section 9.12(b)
Commercial Deployment	Section 2.02(b)(i)
Common Director	Section 6.03(a)
Company	Preamble; Section 12.03
Company Hypothetical Pre-Deconsolidation Tax Amount	Section 4.03(n)(ii)
Company's Notice of Intention to Sell	Section 2.07(a)
Cure Period	Section 2.02(c)(ii)
Deconsolidation	Section 4.03(n)(iii)
Deemed Liquidation Event	Section 3.02(b)
Drag Percentage	Section 9.09(a)
Drag-Along Notice	Section 9.09(a)
Drag-Along Sale Transaction	Section 9.09(a)
Dragees	Section 9.09(a)
Entity	Section 9.10(c)
Equity Awards	Section 2.03(a)
Excess New Securities	Section 2.07(a)
Excess NOL Tax Increase	Section 4.03(n)(iv)
Excluded Transfer	Section 9.01(a)(iii)





<b>Defined Term</b>	<b>Section Where Found</b>
Exempt Employee Member Transfer	Section 9.02(a)
Exempt Honda Transfer	Section 9.02(a)
Exempt SoftBank Transfer	Section 9.02(a)
FAW-GM	Section 11.01(a)
First A&R Agreement	Recitals
GM	Preamble
GM Acquirer	Appendix I
GM Commitment	Section 2.02(e)
GM Consolidated Group	Section 4.03(n)(v)
GM ROFR Date	Section 9.01(a)(v)
GM ROFR Notice	Section 9.01(a)(v)
Honda	Preamble
Honda Board Observer	Section 6.04
Honda Call Notice	Section 9.12(b)
Honda Commitment	Section 2.04
Honda Purchase Agreement	Recitals
Honda R&D Co	Section 6.05
Hypothetical Deconsolidated Company NOL Amount	Section 4.03(n)(vii)
Incremental GM Tax Amount	Section 4.03(n)(viii)
IP Upsized FMV	Exhibit II
IP Upsizing	Exhibit II
IPO Shares	Section 9.10(a)
IPO Shortfall	Section 6.13(d)
IRS	Section 4.02
LLC Agreement	Section 12.03
Low-Vote IPO Shares	Section 9.10(b)
Member Group Persons	Section 5.08(a)
Members Schedule	Section 2.01(b)
New Securities	Section 2.07(a)
NOL Deficit Amount	Section 4.03(n)(ix)
Non-Compete Period	Section 11.02(a)
Officers	Section 6.15
Optional SoftBank Conversion Notice	Section 9.13(a)
Optional SoftBank Conversion Purchase	Section 9.13(c)
Options	Section 2.03(a)
Original Agreement	Recitals
Original Closing Date	Recitals
Other Business	Section 5.08(a)
Other Tax Credits	Section 4.03(n)(x)
Par Securities	Section 6.13(c)
Participation Members	Section 9.07(a)
PATAC	Section 11.01(a)
Payment Period	Section 2.02(c)(i)
Permitted Transferee	Section 9.02(b)
Proceeding	Section 7.02(a)



<b>Defined Term</b>	<b>Section Where Found</b>
R&D Tax Credits	Section 4.03(n)(xi)
ROFR Notice	Section 9.01(a)(v)
ROFR Offered Shares	Section 9.01(a)(v)
RSUs	Section 2.03(a)
Section 59(e) Benefit Amount	Section 4.03(n)(xii)
Section 59(e) Detriment Amount	Section 4.03(n)(xiii)
Section 59(e) Election	Section 4.03(d)
Senior Securities	Section 2.02(d)(iv)
SGM	Section 11.01(a)
Shares	Section 2.01(a)
Share Awards	Section 2.03(a)
Standardized FMV	Exhibit II
State Acts	Section 12.03
Stock Election	Section 9.13(b)
Subsequent SoftBank Commitment	Section 2.02(c)(i)
Substituted Member	Section 9.04(a)
SoftBank	Preamble
SoftBank Board Observer	Section 6.04
SoftBank Call Notice	Section 9.12(a)
SoftBank Commitment	Section 2.02(a)
SoftBank Director	Section 6.03(a)
SoftBank Fund	Appendix I
Supplemental Notice of Intention to Sell	Section 2.07(a)
SVF Transfer	Section 9.02(c)
Tag Notice	Section 9.07(a)
Tagged Shares	Section 9.07(a)
Target	Appendix I
Tax Materials	Section 4.03(m)
Tax Period	Section 4.03(n)(xiv)
Total Conversion Shares	Section 9.07(a)(i)
Total Tagged Shares	Section 9.07(a)(ii)
Total Optional Conversion Shares	Appendix I
Transferor	Section 9.01(a)(v)
Transferring Holder	Section 9.07(a)

## EXHIBIT I

### **JOINDER TO THE SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF GM CRUISE HOLDINGS LLC**

THIS JOINDER (this “**Joinder**”) to that certain Second Amended and Restated Limited Liability Company Agreement, dated as of [•], 2018 by and among GM Cruise Holdings LLC, a Delaware limited liability company (the “**Company**”), and certain Members of the Company (the “**Limited Liability Company Agreement**”), is made and entered into as of [•], by and between the Company and [•] (“**Holder**”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Limited Liability Company Agreement.

WHEREAS, Holder has acquired certain [class] Shares of the Company (“**Holder Shares**”) and Holder is required, as a holder of the Holder Shares, to become a party to the Limited Liability Company Agreement, and Holder agrees to do so in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Joinder hereby agree as follows:

1. Agreement to be Bound. Holder hereby agrees that upon execution of this Joinder, it shall become a party to the Limited Liability Company Agreement as a [class] Member, and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Limited Liability Company Agreement as though an original party thereto and shall be deemed a holder of Shares of [class] and a Member for all purposes thereof.
2. Successors and Assigns. This Joinder shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and Holder and any subsequent holders of Shares and the respective successors and assigns of each of them, so long as they hold any Shares.
3. Counterparts. This Joinder may be executed in any number of counterparts (including by facsimile or electronic copy), each of which shall be an original and all of which together shall constitute one and the same agreement.
4. Notices. For purposes of Section 12.06 of the Limited Liability Company Agreement, all notices, demands or other communications to the Holder shall be directed to the address set forth on the signature page hereto for such Holder.
5. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of the Limited Liability Company Agreement, including this Joinder, shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any dispute relating hereto shall be heard in the state or federal courts of Delaware, and the parties agree to jurisdiction and venue therein.

6. Descriptive Headings. The descriptive headings of this Joinder are inserted for convenience only and do not constitute a part of this Joinder.

IN WITNESS WHEREOF, the parties hereto have executed this Joinder as of the date first above written.

Exh. I-2

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## EXHIBIT II

### **Call Notice/Optional SoftBank Conversion Notice Fair Market Value of the Company**

The Call Notice/Optional SoftBank Conversion Notice Fair Market Value of the Company will be the total value, in dollars, of the consideration that would be received by the Members in a sale of one hundred percent (100%) of the Shares (on a Fully Diluted Basis), calculated in accordance with the process, and consistent with the methodologies, set forth below. The calculation of Call Notice/Optional SoftBank Conversion Notice Fair Market Value will consist of two independent valuations, the Standardized FMV and the IP Upsized FMV each calculated, contemporaneously (using the same Qualified Appraisers), in accordance with the process below.

#### Process

- (a) One Qualified Appraiser shall be selected by the GM Investor and the other Qualified Appraiser shall be selected by the Majority of the Class A-1 Preferred (such Members, the “**Applicable FMV Parties**”).
- (b) Each of the Qualified Appraisers so selected by the Applicable FMV Parties must be engaged by the Applicable FMV Parties within fifteen (15) days of the delivery of the Call Notice or Optional SoftBank Conversion Notice (as applicable) and the Board of Directors shall, within one (1) Business Day of delivery of the Call Notice or Optional SoftBank Conversion Notice (as applicable), notify each of the Applicable FMV Parties of such event.
- (c) Each Qualified Appraiser shall be (i) required to determine the Call Notice/Optional SoftBank Conversion Notice Fair Market Value within forty-five (45) days after being notified of its selection, (ii) provided with the same access to the management of the Company and its Subsidiaries and the same source documents, books and records (including financial and operating data) and information regarding the Company and its Subsidiaries and (iii) required to determine a single point estimate of Call Notice/Optional SoftBank Conversion Notice Fair Market Value and not a range of values.
- (d) Following each Qualified Appraiser’s determination of Call Notice/Optional SoftBank Conversion Notice Fair Market Value (which determination shall be provided to each Applicable FMV Party together with a customary valuation report setting forth in reasonable detail such Qualified Appraiser’s calculation of Call Notice/Optional SoftBank Conversion Notice Fair Market Value prepared consistently with the methodologies set forth below), (i) if the lower of the two determinations by the two Qualified Appraisers is within ten percent (10%) of the higher of the determinations, then the Call Notice/Optional SoftBank Conversion Notice Fair Market Value shall be the average of the two determinations, and will be final and binding on the relevant parties or (ii) if the lower of the two determinations is not within ten percent (10%) of the higher of the determinations, then (A) the Applicable FMV Parties shall negotiate in good faith for a period of thirty (30) days (or such longer period as to which the Applicable FMV Parties may mutually agree) to agree upon the Call Notice/Optional SoftBank Conversion Notice Fair Market Value, any such agreement to be made by each Applicable FMV Party and to be set forth in writing signed by each of the Applicable FMV Parties (and any such agreement will be final and binding on the relevant

parties), and (B) if no such agreement is reached by the Applicable FMV Parties within such thirty (30)-day time period, then a third Qualified Appraiser (acting as expert and not arbitrator) that is selected (within fifteen (15) days following the expiration of the thirty (30)-day time period for good faith negotiations) by mutual agreement of the original two Qualified Appraisers will determine its own valuation of the Call Notice/Optional SoftBank Conversion Notice Fair Market Value in accordance with the methodologies set forth below within forty-five (45) days following its appointment and the Call Notice/Optional SoftBank Conversion Notice Fair Market Value will be the average of (1) such third Qualified Appraiser's determination of the Call Notice/Optional SoftBank Conversion Notice Fair Market Value and (2) the valuation of the original Qualified Appraiser that is numerically closest to the third Qualified Appraiser's valuation.

(e) The third Qualified Appraiser shall have the same access to the Company, its Subsidiaries, their employees and officers and the source documents, books and records (including financial and operating data) and information as the original Qualified Appraisers.

(f) Each Applicable FMV Party will bear the cost of the Qualified Appraiser selected by it and one-half of the cost of any third Qualified Appraiser that may be required in accordance with the preceding sentence (and, if an Applicable FMV Party consists of more than one Member, then such costs will be shared equally by such Members).

#### Methodologies

In calculating Call Notice/Optional SoftBank Conversion Notice Fair Market Value, each Qualified Appraiser will utilize customary valuation methodologies in their respective professional judgments, subject to such instructions mutually agreed by the Applicable FMV Parties within ten (10) days following the selection of the initial Qualified Appraisers, which shall include at a minimum the following:

(a) The Qualified Appraisers shall take into consideration the Company's and its Subsidiaries' historic financial and operating results, current balance sheet, future business prospects and projected financial and operating results, public market and industry conditions, prior financing transactions and the valuation of the Company as of such transaction (if the same is considered relevant, and requested, by the Qualified Appraisers), the valuation and performance of comparable companies and such other factors as they may determine relevant to such determination, in each case as existing as of the date the appraisal process was initiated;

(b) The future business prospects and projected financial and operating results of the Company and its Subsidiaries provided to the Qualified Appraisers shall (i) be prepared by the Company's management in good faith based on assumptions consistent with those used in the Company's ordinary course forecasting, (ii) if the projected financial and operating results of the Company and its Subsidiaries provided to the Qualified Appraisers cover a period of ten (10) years or less, and the Qualified Appraisers so request, be extended (in the case of the projected financial and operating results) for reasonable period exceeding ten (10) years, and (iii) take into account, consistent with the Company's ordinary course forecasting and subject to the restrictions in Article XI (except as otherwise expressly stated in this Exhibit II in connection with the IP Upsizing), the scope of the intellectual property portfolio of the Company and its Subsidiaries. SoftBank will



have opportunity to review the future business prospects and projected financial and operating results for a reasonable period of time (not to exceed ten (10) days) before such projections are submitted to the Qualified Appraisers and to discuss such projections with the Company.

(c) The Qualified Appraisers shall value the Company as a going concern, including taking into consideration the remainder of the term, if any, of the Commercial Agreements and any agreements that the Commercial Agreements require to be put into place upon termination or amendment of the Commercial Agreements;

(d) The Qualified Appraisers shall assume an arms-length sale between a willing buyer and a willing seller;

(e) Except as otherwise contemplated by section (a) under “Methodologies,” the Qualified Appraisers shall disregard any prior appraisals or valuations of the Company or its Subsidiaries, including any such appraisals or valuations conducted for the purpose of valuing any rights associated with or tied or indexed to the value of the Shares of the Company or its Subsidiaries;

(f) The Qualified Appraisers shall value the Company as at the date of delivery of the Call Notice or Optional SoftBank Conversion Notice (as applicable); and

(g) The Qualified Appraisers shall take into account only such tax depreciation and amortization as would be allowable to the Company in respect of the Company’s assets immediately prior to such deemed sale.

The Qualified Appraisers shall contemporaneously calculate two valuations: (A) a valuation based on the Commercial Agreements as in force at the time (the “**Standardized FMV**”), and (B) a valuation (the “**IP Upsized FMV**”) as if the Transferred Assets (as defined in the IPMA) had been assigned, transferred, conveyed, and delivered to the Company (pursuant to Section 2.2 of the IPMA) immediately prior to the calculation of Call Notice/Optional SoftBank Conversion Notice Fair Market Value and Section 11.01 does not apply (the “**IP Upsizing**”). The Standardized FMV and the IP Upsized FMV shall be identical other than the value attributable to the IP Upsizing.

For purposes of the definition of Optional SoftBank Conversion Share Price, if the Standardized FMV is less than the Class A-1 Liquidation Preference Amount, then the Call Notice/Optional SoftBank Conversion Notice Fair Market Value will equal the IP Upsized FMV; provided, that, following the application of the IP Upsized FMV, in no event will, with respect to each Class A-1-A Preferred Share and Class A-1-B Preferred Share, the Optional SoftBank Conversion Share Price be greater than the applicable Class A-1 Liquidation Preference Amount.

**GENERAL MOTORS COMPANY  
SUBSIDIARIES AND JOINT VENTURES OF THE REGISTRANT  
AS OF DECEMBER 31, 2018**

<u>Company Name</u>	<u>State or Sovereign Power of Incorporation</u>
2140879 Ontario Inc.	Canada
ACAR Leasing Ltd.	Delaware
ACF Investment Corp.	Delaware
Adam Opel GmbH	Germany
AFS SenSub Corp.	Nevada
AmeriCredit Consumer Loan Company, Inc.	Nevada
AmeriCredit Financial Services, Inc.	Delaware
Annunciata Corporation	Delaware
APGO Trust	Delaware
Argonaut Holdings LLC	Delaware
Banco GMAC S.A.	Brazil
BOCO (Proprietary) Limited	South Africa
Boco Trust	South Africa
Cadillac Korea Co., Ltd.	Korea, Republic of
Carve-Out Ownership Cooperative LLC	Delaware
Chevrolet Deutschland GmbH	Germany
Chevrolet Sales (Thailand) Limited	Thailand
Chevrolet Sales India Private Ltd.	India
Chevrolet Sociedad Anonima de Ahorro para Fines Determinados	Argentina
CHEVYPLAN S.A. Sociedad Administradora de Planes de Autofinanciamiento Comercial	Colombia
Controladora General Motors, S.A. de C.V.	Mexico
DCJ1 LLC	Delaware
Dealership Liquidations, Inc.	Delaware
Delphi Energy and Engine Management Systems UK Overseas Corporation	Delaware
DMAX, Ltd.	Ohio
FAW-GM Light Duty Commercial Vehicle Co., Ltd.	China
Fundacion Chevrolet	Colombia
General Motors - Colmotores S.A.	Colombia
General Motors (China) Investment Company Limited	China
General Motors (Thailand) Limited	Thailand
General Motors Advisory Services LLC	Uzbekistan
General Motors Africa and Middle East FZE	United Arab Emirates
General Motors Asia Pacific Holdings, LLC	Delaware
General Motors Asia, LLC	Delaware
General Motors Asset Management Corporation	Delaware
General Motors Australia Ltd.	Australia
General Motors Auto LLC	Russian Federation
General Motors Automobiles Philippines, Inc.	Philippines
General Motors Automotive Holdings, S.L.	Spain
General Motors Belgique Automobile NV	Belgium
General Motors Chile Industria Automotriz Limitada	Chile
General Motors China LLC	Delaware

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**GENERAL MOTORS COMPANY  
SUBSIDIARIES AND JOINT VENTURES OF THE REGISTRANT  
AS OF DECEMBER 31, 2018**

<u>Company Name</u>	<u>State or Sovereign Power of Incorporation</u>
General Motors Daewoo Auto and Technology CIS LLC	Russian Federation
General Motors de Argentina S.r.l.	Argentina
General Motors de Mexico, S. de R.L. de C.V.	Mexico
General Motors del Ecuador S.A.	Ecuador
General Motors do Brasil Ltda.	Brazil
General Motors Egypt, S.A.E.	Egypt
General Motors Europe Limited	England and Wales
General Motors Financial Chile Limitada	Chile
General Motors Financial Chile S.A.	Chile
General Motors Financial Company, Inc.	Texas
General Motors Financial of Canada, Ltd.	Canada
General Motors Global Service Operations, Inc.	Delaware
General Motors Holden Australia Ltd.	Australia
General Motors Holden Australia NSC Ltd.	Australia
General Motors Holdings LLC	Delaware
General Motors India Private Limited	India
General Motors International Holdings LLC	Delaware
General Motors International Operations Pte. Ltd.	Singapore
General Motors International Services Company SAS	Colombia
General Motors International Services LLC	Delaware
General Motors Investment Limited	Hong Kong
General Motors Investment Management Corporation	Delaware
General Motors Investment Participacoes Ltda.	Brazil
General Motors Investments Pty. Ltd.	Australia
General Motors Israel Ltd.	Israel
General Motors IT Services (Ireland) Limited	Ireland
General Motors Japan Limited	Japan
General Motors Limited	England
General Motors LLC	Delaware
General Motors New Zealand Pensions Limited	New Zealand
General Motors of Canada Company	Canada
General Motors Overseas Commercial Vehicle Corporation	Delaware
General Motors Overseas Corporation	Delaware
General Motors Overseas Distribution LLC	Delaware
General Motors Peru S.A.	Peru
General Motors Powertrain (Thailand) Limited	Thailand
General Motors Research Corporation	Delaware
General Motors South Africa (Pty) Limited	South Africa
General Motors Taiwan Ltd.	Taiwan
General Motors Technical Centre India Private Limited	India
General Motors Treasury Center, LLC	Delaware
General Motors Uruguay S.A.	Uruguay

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**GENERAL MOTORS COMPANY  
SUBSIDIARIES AND JOINT VENTURES OF THE REGISTRANT  
AS OF DECEMBER 31, 2018**

<u>Company Name</u>	<u>State or Sovereign Power of Incorporation</u>
General Motors Ventures LLC	Delaware
General Motors Warehousing and Trading (Shanghai) Co. Ltd.	China
General Motors-Holden's Sales Pty. Limited	Australia
Global Services Detroit LLC	Delaware
Global Tooling Service Company Europe Limited	England and Wales
GM (UK) Pension Trustees Limited	England
GM Administradora de Bens Ltda.	Brazil
GM CME Holdings C.V.	Netherlands
GM Components Holdings, LLC	Delaware
GM Cruise Holdings LLC	Delaware
GM Cruise LLC	Delaware
GM Defense LLC	Delaware
GM Eurometals, Inc.	Delaware
GM Finance Co. Holdings LLC	Delaware
GM Financial Canada Leasing Ltd.	Canada
GM Financial Colombia Holdings LLC	Delaware
GM Financial Colombia S.A. Compania de Financiamiento	Colombia
GM Financial Consumer Discount Company	Pennsylvania
GM Financial de Mexico, S.A. de C.V. SOFOM E.R.	Mexico
GM Financial Holdings LLC	Delaware
GM Financial Mexico Holdings LLC	Delaware
GM Global Propulsion Systems -Torino S.r.l.	Italy
GM Global Technology Operations LLC	Delaware
GM Global Tooling Company LLC	Delaware
GM Global Treasury Centre Limited	England and Wales
GM Holden Ltd.	Australia
GM Holdings U.K. No.1 Limited	England and Wales
GM Inversiones Santiago Limitada	Chile
GM Investment Trustees Limited	England
GM Korea Company	Korea, Republic of
GM LAAM Holdings, LLC	Delaware
GM Mexico Holdings B.V.	Netherlands
GM Mobility Europe GmbH	Germany
GM Personnel Services, Inc.	Delaware
GM Philippines, Inc.	Philippines
GM PSA Purchasing Services S.A.	Belgium
GM Regional Holdings LLC	Delaware
GM Retirees Pension Trustees Limited	England
GM Subsystems Manufacturing, LLC	Delaware
GMAC Administradora de Consorcios Ltda.	Brazil
GMAC Prestadora de Servicios de Mao de Obra Ltda.	Brazil
GMACI Corretora de Seguros Ltda	Brazil

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**GENERAL MOTORS COMPANY  
SUBSIDIARIES AND JOINT VENTURES OF THE REGISTRANT  
AS OF DECEMBER 31, 2018**

<u>Company Name</u>	<u>State or Sovereign Power of Incorporation</u>
GMCH&SP Private Equity II L.P.	Canada
GM-DI Leasing LLC	Delaware
GMF Australia Pty Ltd	Australia
GMF Europe LLP	England and Wales
GMF Funding Corp.	Delaware
GMF Global Assignment LLC	Delaware
GMF International LLC	Delaware
GMF Leasing LLC	Delaware
GMF Wholesale Receivables LLC	Delaware
GMGP Holdings LLC	Delaware
Grand Pointe Holdings, Inc.	Michigan
Grand Pointe Park Condominium Association	Michigan
Holden New Zealand Limited	New Zealand
IBC Pension Trustees Limited	England
Lease Ownership Cooperative LLC	Delaware
Lidlington Engineering Company, Ltd.	Delaware
Limited Liability Company "General Motors CIS"	Russian Federation
Maven Drive LLC	Delaware
Maven Leasing Ltd.	Delaware
Millbrook Pension Management Limited	England
Monetization of Carve-Out, LLC	Delaware
Motors Holding LLC	Delaware
Multi-Use Lease Entity Trust	Delaware
North American New Cars LLC	Delaware
Omnibus BB Transportes, S. A.	Ecuador
OnStar Connected Services Srl	Romania
OnStar de Mexico S. de R.L. de C.V.	Mexico
OnStar Europe Ltd.	England and Wales
OnStar Global Services Corporation	Delaware
OnStar, LLC	Delaware
P.T. G M AutoWorld Indonesia	Indonesia
P.T. General Motors Indonesia	Indonesia
Pan Asia Technical Automotive Center Company, Ltd.	China
PIMS Co.	Delaware
Prestadora de Servicios GMF Colombia S.A.S.	Colombia
Private Auto Lease Trust	Delaware
PT. General Motors Indonesia Manufacturing	Indonesia
Riverfront Holdings III, Inc.	Delaware
Riverfront Holdings Phase II, Inc.	Delaware
Riverfront Holdings, Inc.	Delaware
SAIC General Motors Corporation Limited	China
SAIC General Motors Sales Company Limited	China

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**GENERAL MOTORS COMPANY  
SUBSIDIARIES AND JOINT VENTURES OF THE REGISTRANT  
AS OF DECEMBER 31, 2018**

<u>Company Name</u>	<u>State or Sovereign Power of Incorporation</u>
SAIC GM (Shenyang) Norsom Motors Co., Ltd.	China
SAIC GM Dong Yue Motors Company Limited	China
SAIC GM Dong Yue Powertrain Company Limited	China
SAIC GM Wuling Automobile Company Limited	China
SAIC-GMAC Automotive Finance Company Limited	China
SAIC-GMF Leasing Co. Ltd.	China
Servicios GMAC S.A. de C.V.	Mexico
Shanghai OnStar Telematics Co. Ltd.	China
Strobe, Inc.	Delaware and California
Vehicle Asset Universal Leasing Trust	Delaware
WRE, Inc.	Michigan
Zona Franca Industrial Colmotores SAS	Colombia
Total - 180	

Pursuant to Item 601(b)(21) of Regulation S-K we have omitted certain subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary at December 31, 2018. Additionally 88 subsidiaries of General Motors Financial Company, Inc. have been omitted that operate in the U.S. in the same line of business as General Motors Financial Company, Inc. at December 31, 2018.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in following Registration Statements of General Motors Company:

- (1) Registration Statement (Form S-3 No. 333-215924),
- (2) Registration Statement (Form S-8 No. 333-218793) pertaining to the General Motors Company 2017 Long-Term Incentive Plan,
- (3) Registration Statement (Form S-8 No. 333-211344) pertaining to the General Motors Company 2016 Equity Incentive Plan, and
- (4) Registration Statement (Form S-8 No. 333-196812) pertaining to the General Motors Company 2014 Long-Term Incentive Plan;

of our reports dated February 6, 2019, with respect to the consolidated financial statements of General Motors Company and subsidiaries and the effectiveness of internal control over financial reporting of General Motors Company and subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 2018.

/s/ ERNST & YOUNG LLP

Detroit, Michigan

February 6, 2019

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-218793, 333-211344, and 333-196812 on Form S-8, and Registration Statement No. 333-215924 on Form S-3 of our report dated February 6, 2018 (July 25, 2018 as to Note 25, Segment Reporting), relating to the consolidated financial statements of General Motors Company, appearing in this Annual Report on Form 10-K of General Motors Company for the year ended December 31, 2018.

/s/ Deloitte & Touche LLP

Detroit, Michigan

February 6, 2019



**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

SEC Report(s) on

Covering

Annual Report on Form 10-K

Year Ended December 31, 2018

and any or all amendments to such Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or my substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ JANE L. MENDILLO

Jane L. Mendillo

December 11, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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**Covering**

Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ LINDA R. GOODEN

Linda R. Gooden

December 11, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ JOSEPH JIMENEZ

Joseph Jimenez

January 17, 2019

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ ADMIRAL MICHAEL G. MULLEN, USN (ret.)

Admiral Michael G. Mullen, USN (ret.)

December 10, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

**SEC Report(s) on**

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Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ JUDITH A. MISCIK

Judith A. Miscik

December 11, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ JAMES J. MULVA

James J. Mulva

December 11, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ PATRICIA F. RUSSO

Patricia F. Russo

December 11, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ THOMAS M. SCHOEWE

Thomas M. Schoewe

December 11, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ CAROL M. STEPHENSON

Carol M. Stephenson

December 11, 2018

Date

---

**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ THEODORE M. SOLSO

Theodore M. Solso

December 10, 2018

Date

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**POWER OF ATTORNEY**

The undersigned, a director of General Motors Company (GM), hereby constitutes and appoints Christopher T. Hatto, Michael T. Kahler, and Rick E. Hansen , and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities (including my capacity as a director of GM), to sign:

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Annual Report on Form 10-K

Year Ended December 31, 2018

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Pursuant to the requirements of the Securities Act of 1934, this power of attorney has been executed by the undersigned.

/s/ DEVIN N. WENIG

Devin N. Wenig

December 11, 2018

Date

**CERTIFICATION**

I, Mary T. Barra, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Motors Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MARY T. BARRA

Mary T. Barra  
Chairman and Chief Executive Officer

Date: February 6, 2019

**CERTIFICATION**

I, Dhivya Suryadevara, certify that:

1. I have reviewed this Annual Report on Form 10-K of General Motors Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DHIVYA SURYADEVARA

Dhivya Suryadevara  
Executive Vice President and Chief Financial Officer

Date: February 6, 2019

**GENERAL MOTORS COMPANY AND SUBSIDIARIES**

**Exhibit 32**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of General Motors Company (the "Company") on Form 10-K for the period ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MARY T. BARRA

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Mary T. Barra  
Chairman and Chief Executive Officer

/s/ DHIVYA SURYADEVARA

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Dhivya Suryadevara  
Executive Vice President and Chief Financial Officer

Date: February 6, 2019