Corporate Credit Profile

November 2013

General Motors Co. (GM)

Moody's: Baa3/Stable

S&P: BB+/Positive

Business Profile

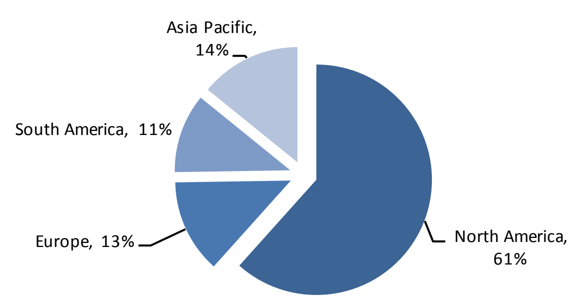
GM is a leading global automotive manufacturer that develops and assembles both cars and trucks. It also provide automotive financing services through its wholly owned subsidiary, General Motors Financial Company Inc. (note: <u>for the purpose of the following analysis, we will focus on GM's automotive business</u>).

In its key North American segment, the company relies on four core brands - Buick, Cadillac, Chevrolet, and GMC.

As of December 2012, GM was the largest automaker by volume, with annual volume of almost 9 million units (18.7% market share in the U.S.). GM operates in 4 regions – North America, Europe, South America, and Asia.

In 2008, the company was seriously affected by the recession and global credit crisis. As a result, in December of that year, it requested and received financial assistance from the U.S. government. In 2009, GM suffered a continued deterioration in both performance and liquidity, requiring further funding from the U.S. government. In June 2009, the company filed for bankruptcy, and was renamed General Motors Company in July 2009 upon emergence from bankruptcy.

LTM 9/30/13 Revenue



Source: Company Reports

The 40-day bankruptcy concluded with the closing of a deal that sold key operations to a new company which was majority-owned by the U.S. Treasury (about 60% with a $50 billion equity investment and $10 billion in debt and perpetual preferred shares). The bankruptcy significantly reduced GM's debt and healthcare obligations by $48 billion, and brought down labor costs to be on par with Japanese competitors. However, at emergence management was still was facing deep challenges given the weak economy and GM's long running slide in market share. Since emerging from bankruptcy, GM has made significant progress restructuring its business.

Recent Events

Credit rating upgrades. In September 2013, Moody's upgraded GM's credit rating one notch to Baa3, citing the strength of GM's U.S. vehicle portfolio and solid position in the world's largest auto market in China. This was the first time since August 2005 that GM had an investment grade rating from one of the three major U.S. rating agencies. The company is now awaiting upgrades from S&P and Fitch, both of which raised the company's outlook to Positive from Stable in late August/early September 2013.

Repayment of high-cost preferred shares. In the first unsecured public debt issuance by GM's automotive operations since emerging from bankruptcy, GM issued $4.5 billion of notes in three tranches ($1.5 billion 3.5% 2018, $1.5 billion 4.875% 2023 and $1.5 billion 6.25% 2043). Proceeds from the issuance were used mainly to repurchase 120 million of the high-cost 9% series A preferred shares that are held by the Retiree Medical Benefits Trust (United Auto Workers) for $3.2 billion. The UAW trust received its preferred shares as part of GM's U.S. government-funded restructuring and bankruptcy in 2009. The company is expected to further reduce its U.S. Treasury stake (currently ~7%) and buy back the remaining 101 million preferred shares potentially by end of 1Q14.

In addition, in October 2013 the company used $1.2 billion of proceeds to prepay in full the 7% notes held by the Canadian Auto Workers Health Care Trust.

GM

Industry Update

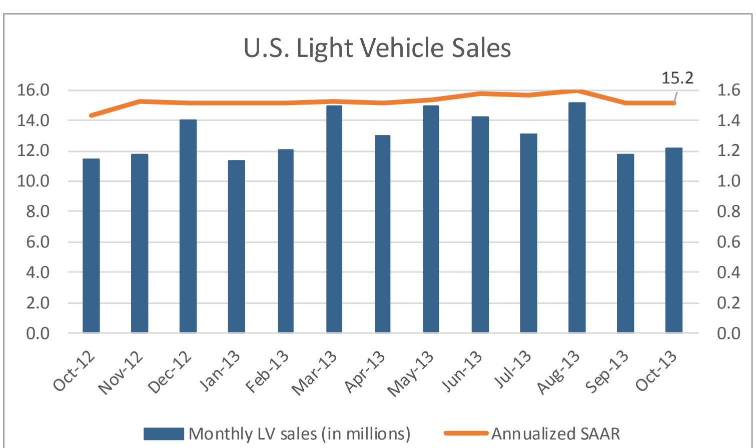
As a result of the bankruptcy reorganization in 2009, GM established a highly competitive North American cost structure. Significant headcount reductions, divestiture of unprofitable operations, greater flexibility under labor agreements, and the establishment of a UAW-administered retiree health care program (which reduced GM's annual healthcare costs by approximately $1.7 billion) all contributed to more competitive cost structures in North America.

The restructuring and higher pricing realized on GM's more competitive domestic product portfolio enabled the company to significantly reduce its North American breakeven level which currently stands at 2.3 million units (vs. 3.1 million units shipped in LTM 9/30/13).

North America

October 2013 light vehicle SAAR (seasonally adjusted annual rate) came in at 15.2 million, a 6.5% increase yoy. The North American market seems to have further room for improvement with SAAR below the "normalized" level of ~16.5-18 million. In addition, incentives only increased by 2% yoy. Moody's and S&P both expect market fundamentals in the North American auto sector to remain healthy and forecast industry sales will approximate 16.2 million in FY14.

In North America, GM will be helped by a housing market that continues to rebound, which will support demand in the profitable full-size pickup truck market.



Source: Company Reports

Industry Update

U.S. vehicle sales - seasonally adjusted annual rate [mn vehicles]								
				Y/Y % Change				Y/Y % Change
	Oct 13	Sept 13	Oct 12	Vol. (DSR)	2013 YTD	2012 YTD	2011 YTD	Vol. (DSR)
Total cars	7.6	7.7	7.4	2.7%	7.7	7.3	6.2	5.5%
Total light trucks	7.6	7.6	7.0	10.3%	7.8	7.0	6.5	11.3%
Total light vehicles	15.2	15.3	14.4	6.5%	15.5	14.3	12.6	8.3%

Source: GS Research; Note: YTD through October; DSR represents Daily Sales Rate

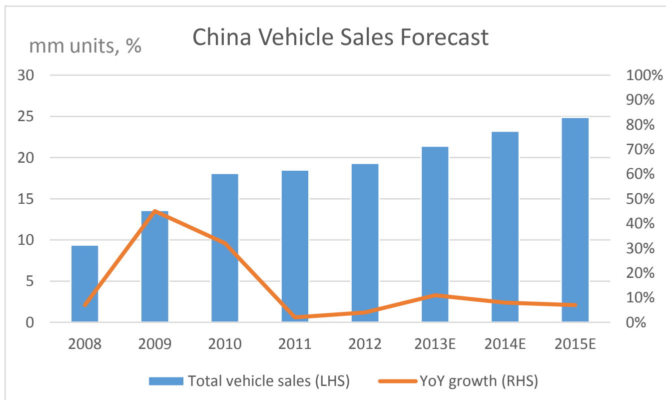
Europe

Light vehicle sales are expected to decline for the sixth consecutive year in 2013 and rise only slightly in 2014. Moody's forecasts European auto sales of 12.5 million in FY13, down from 14.3 million in FY12, and for 2014 expects a modest recovery of demand to 12.8 million units.

Encouragingly, major European markets showed signs of improvement in October, including the U.K., France, and Germany (60% of total industry volumes). European car sales rose for a second month in a row in October, increasing by 4.6% yoy, and Western Europe car sales increased by 4% yoy in October (but declined by 3% YTD through October). This translates into a SAAR of 11.9 million, marking the highest SAAR of the year.

China

Total auto sales (passenger and commercial vehicle) in China grew from 9.4 million units in 2008 to 19.3 million units in 2012, implying a CAGR of 20%. According to JPM, China auto sales are expected to grow at a CARG of 9% from 2012 to 2015E, translating to total sales volume of 24.9 million units in 2015E.



Source: JPM

Interim Results (Please refer to Annex 2 for segment analysis)

LTM 9/30/13:

GM's results remain positive and have been led by solid performance of the key North American operations, despite the European operations still generating losses and profitability moderating in GM's Asian operations.

LTM revenue improved 0.8% compared to FY12, and LTM EBIT grew 1.2% compared to FY12. Growth accelerated notably in 3Q13, with EBIT increasing 19% yoy against only a 3% increase in revenue, supported mainly by the North American segment. Moreover, EBIT margin in 3Q13 reached 6.7% which is a 90 bp improvement from last year and the highest margin performance in nine quarters, driven by strong performance by the North American segment and a solid recovery in the South American segment.

Segment performance:

North America – This segment remains the key driver of GM's consistent levels of profitability and represents 89% of total LTM EBIT. Margin performance was driven by an improved cost base, continued improvement in pricing on the back of a stronger portfolio and tight capacity, as well as refreshes of existing products and new product launches.

GM

***Europe* –** While the European operations are not yet profitable, losses have moderated significantly since FY12, and the company is now seeing signs of stabilization in the region. In fact, GM Europe recorded its first yoy quarterly revenue growth in two years and the company is also reaping some benefits from its cost savings and restructuring actions in the region. In 3Q13, GM's market share in the region increased 20 bp to 8.6%.

***South America* –** This segment is showing signs of a recovery although sustainability still depends on the uncertain and volatile political environment in the region. The segment recorded modest revenue growth in LTM compared to FY12, and profitability rebounded in 2Q13 and 3Q13 from a loss in 1Q13 thanks to new product launches and price increases.

***Asia Pacific* –** GM is currently facing some challenges in India and other countries in South East Asia, given a slowing demand environment, and the substantial cost advantage to Japanese manufacturers as a result of the depreciation of the Yen relative to the dollar. In particular, GM is seeing a deterioration in pricing and volume in markets such as Australia and Korea. GM's China operations which are conducted through JV's continue to have solid positioning and generate healthy profits.

Revenues [$mm] and EBITDA

	2010	2011	2012	LTM 6/30/13	YTD 6/30/12	YTD 6/30/13
Revenue	**135,311**	**148,866**	**150,295**	**151,482**	**111,517**	**112,704**
% Growth		**10.0%**	**1.0%**	**0.8%**		**1.1%**
EBITDA	13,789	14,196	13485	13,443	10,690	10,648
EBITDA growth		3%	-5%	-3%		0%
EBITDA margin	10.2%	9.5%	9.0%	8.9%	9.6%	9.4%
Net Income	**4,803**	**6,597**	**5,406**	**3,934**	**4,732**	**4,608**

Source: Company Reports

GM

Capital Structure and Liquidity

GM's financial profile is very strong. The company exhibits extremely solid liquidity of $37 billion with almost $27 billion in cash and marketable securities (even though $1.2 billion of current cash balance has already been allocated to the retirement of GM's Canadian healthcare trust notes) and $10.5 billion of availability under its $11 billion credit facilities, well in excess of total automotive debt of $9.1 billion and remainder of the preferred stock obligations of $3.1 billion. Of note, GM has about $27 billion in unfunded pension obligations.

GM auto's leverage of 0.7x is very low, and there are no material near term debt maturities. The company can comfortably service its debt with EBITDA that covers interest over 30 times.

Since emerging from bankruptcy, GM has generated strong and consistent cash flow ranging from $8 - $10 billion annually. Free cash flow before share repurchases and dividends is also solid despite annual capex needs of about $8 billion. However, GM has been stepping up shareholder reward activities in 2013, resulting in negative free cash flow of $5.3 billion in LTM 9/30/13.

GM Auto Capitalization [$mm]	9/30/2013	Debt/LTM EBITDA
$11Bn Revolving Credit Facilities [1]	488	
Wholesale financing	207	
Canadian Health Care Trust notes [2]	1,239	
GM Korea preferred shares	467	
3.500% Sr Unsecured Notes due 2018	1,500	
4.875% Sr Unsecured Notes due 2023	1,500	
6.250% Sr Unsecured Notes due 2043	1,500	
Other notes	1,051	
Capital leases	1,136	
Total GM Auto Debt	9,088	**0.7x**
Cash	18,599	
Net Total Debt (incl. Holdco)	(9,511)	**-0.7x**
LTM 9/30/13 Auto EBITDA	13,443	

[1] Consists of a 3-year $5.5 bn RCL maturing in 2015 and a 5-year $5.5 bn RCL maturing in 2017.

[2] The notes were paid down in full in October 2013.

Source: Company Reports

GM

Capital Structure and Liquidity

Liquidity [$mm]	2010	2011	2012	LTM 9/30/13
CFO	10,605	8,166	10605	10,353
Total Capex	(4,202)	(6,249)	(8,068)	(7,844)
FCF	**6,403**	**1,917**	**2,537**	**2,509**
Dividends	(1,572)	(916)	(939)	(266)
Share Repurchases	(1,462)	0	(5,098)	(7,536)
Net FCF	**3,369**	**1,001**	**(3,500)**	**(5,293)**
$11bn Revolving Bank Facility				10,512
Cash				18,599
Marketable securities				8,215
Liquidity				**29,111**

Note: GM Consolidated

Metrics [$mm]	2010	2011	2012	LTM 9/30/13
Capex as % sales	3.1%	4.2%	5.4%	5.2%
Total Debt	4,630	5,295	5,172	9,088
Total Leverage (Debt/EBITDA)	**0.3x**	**0.4x**	**0.4x**	**0.7x**
Total Debt/Capitalization	**18.0%**	**45.0%**	**34.0%**	**48.0%**
Total CFO as % of Debt	229.0%	154.0%	205.0%	114.0%
Total FCF as % of Debt	**72.8%**	**18.9%**	**-67.7%**	**-58.2%**
Market Capitalization				53,476
Enterprise Value				64,617
EV/LTM EBITDA				**4.8x**

Strengths & Opportunities

Solid business profile. GM has a good competitive position in the U.S. with a leading market share of 18.7%, which drives most of the free cash flow and profitability of the automotive business. The company has improved its cost structure as a result of ongoing new product launches and product refresh (GM intends to refresh 90% of its vehicle portfolio in North America by 2016). In particular, while GM's portfolio in North America is concentrated on higher-margin pickup trucks, new pickup trucks launches will likely benefit from the uptick in the housing market, further improving operating margins. GM is in a phase of new product introductions in North America with the 2013 and 2014 launches of highly profitable trucks and SUVs.

Positioning in attractive higher-growth markets. GM has a leading position in China as evidenced by a 14% market share through various joint ventures. China is the world's largest light-vehicle market with the expectation of over 20 million sold in 2013, and both Moody's and S&P forecast that industry shipments of light vehicles in China will grow by about 10% in 2014. GM's joint ventures in China are profitable, with $1.5 billion of equity earnings in FY12. GM also benefits from a 17% market share in Brazil, the largest auto market in South America, making GM the #3 player in the region. However, profitability in this region is low due to industry capacity additions and significant competition.

Strong liquidity and low leverage. The consolidated company maintains very strong liquidity of $37.3 billion, including over $26 billion in cash and marketable securities on its balance sheet, or twice the amount of GM auto debt. GM generated LTM free cash flow before dividends and share repurchases of $2.5 billion as of 9/13. Despite shareholder friendly activities ramping up ($7.8 billion in LTM 9/13), the company has a history of managing its balance sheet prudently, and leverage has remained low since, as a result of the considerable amount of debt that was extinguished in bankruptcy.

Weaknesses & Threats

Exposure to highly cyclical industry. Demand in the automobile market is volatile, and auto makers generally have limited pricing power.

Europe is still generating losses. Market conditions in Europe remain challenging, given the difficulties in lowering the cost structure, excess capacity, and the weak economy. While GM is still generating sizeable operating losses in the region ($1.2 billion in LTM 9/13), losses have significantly moderated after peaking at an operating loss of $760 million in 4Q12 and $2 billion in losses in FY12. GM continues restructuring efforts in the region, including balancing capacity across regions and reducing capacity. While management indicated there will be some restructuring charges in 2014 related to plant closures, they still expect the segment to be breakeven by 2015. While the European segment's performance is lagging, the solid North American operations continue to drive GM's overall performance, accounting for about 89% of total operating profit.

Outlook

Management sees continued improvement in its North American operations, and reiterated its target of 10% EBIT margins in GM North America by 2015. Management also indicated that they expect breakeven results in Europe in 2015. The company also remains committed to returning cash to shareholders, and suggested shareholder-friendly actions may accelerate in 4Q13. Despite a ramp up in shareholder-friendly activities, we expect liquidity to remain solid, and GM has consistently stated its commitment to retaining a “fortress balance sheet” to guard against the extreme cyclicality in the automotive sector.

Credit View

The company exhibits a strong credit profile supported by a very conservative financial profile, with low leverage and very solid cash flow generation and liquidity. Despite an increase shareholder-friendly actions, GM’s balance sheet remains a fundamental positive for the credit.

Since emerging from bankruptcy, the company’s performance and margins have substantially improved, supported by continued strong performance of its North American operations underpinned by higher volume and a leaner cost structure. GM’s profitability and cash flow continue to show the benefits of the restructuring, and the company remains well-positioned in the increasingly important Chinese auto market through its joint venture presence.

While Europe remains a drag to profitability and with continuing challenges in Asia (excluding China), GM’s outlook continues to look fundamentally strong given solid profitability, substantial liquidity in excess of debt, and low leverage. GM benefits from continued strength in North America which remains the core of GM’s outlook, and European operations appear to have stabilized. Recovering global auto volumes (especially higher truck production), along with GM’s balance sheet repair and restructuring position the company favorably.

Despite the much improved operating story and strong financial performance, two of three rating agencies still rate GM below investment grade. In particular, GM exhibits a materially stronger credit profile than when it was last investment grade, with higher liquidity, better profitability, and significantly less debt. A full investment grade rating seems overdue at this point, and should GM prove it can sustain its higher automotive operating margins, and stabilization in the European market is maintained, we would expect a rating upgrade from S&P and Fitch in mid-2014.

Credit View and Relative Value

We see some potential for spread compression given the continued improvement in GM's credit metrics, and likely upgrade to investment grade. GM bond (4.875% bond due 10/02/23 currently yields 4.77% with OAS of 223) appears attractive based on relative value.

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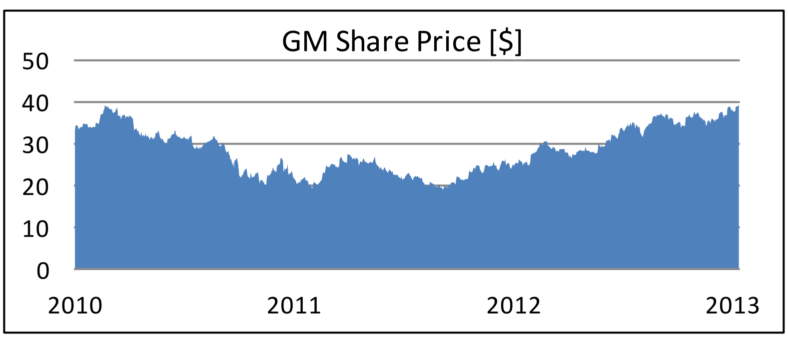
GM

Data Annex 1

Peer Analysis [$mm]	S&P Rating	Market Value	Enterprise Value	Sales	EBITDA	EBITDA Margin	Ent. Value/EBITDA
GM Auto	BB+/Positive	53,476	64,617	151,482	13,443	8.9%	4.8x
Ford Motor Company	BBB-/Stable	67,410	140,762	146,305	12,702	8.7%	11.1x
Toyota Motor Corp.	AA-/Stable	217,710	339,687	255,448	34790	13.6%	9.8x
Daimler AG	A-/Stable	84,895	163,835	151,433	18,079	11.9%	9.1x
Nissan Motor Co., Ltd	BBB+/Stable	41,663	90,575	106,960	11,873	11.1%	7.6x
Honda Motor Co., Ltd	A+/Stable	73,501	118,677	110,973	11681	10.5%	10.2x
Average		89,776	153,026	153,767	17,095	10.8%	8.8x

Source: FactSet, Company Reports, data as of 9/30/2013

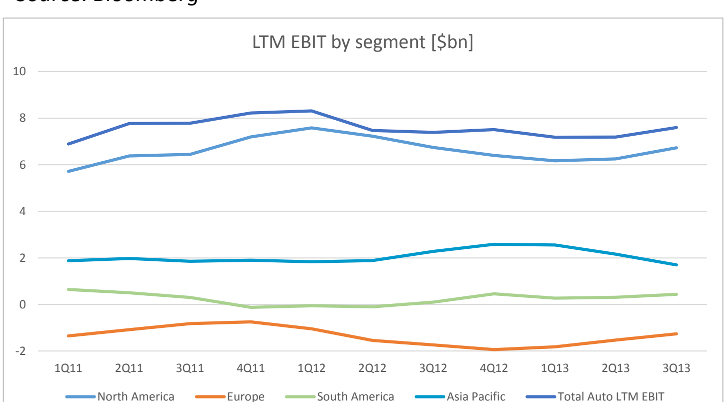
Stock Price



Price $38.77

YTD Change +33%

Source: Bloomberg



Data Annex 2

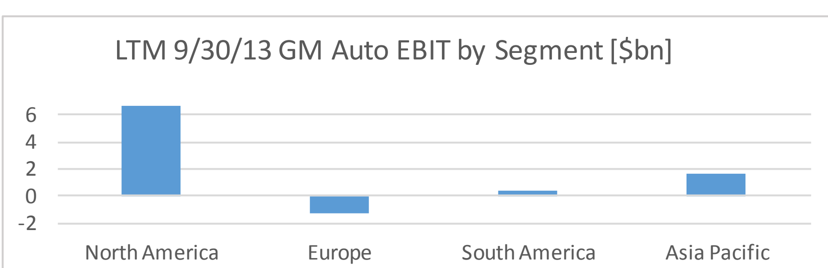
Revenue by Segment ($mm)	2011	2012	YTD 9/30/12	YTD 9/30/13	LTM 9/30/13	% Growth [1]	3Q12	3Q13	% Growth
North America	90,233	89,889	67,074	69,982	92,797	3.2%	22,347	23,508	5.2%
Europe	26,757	20,689	15,489	14,830	20,030	-3.2%	4,702	4,858	3.3%
South America	16,877	16,674	12,259	12,380	16,795	0.7%	4,275	4,381	2.5%
Asia Pacific	25,372	22,968	16,653	15,406	21,721	-5.4%	5,722	5,336	-6.7%
Other/Eliminations	-10,373	75	42	106	139	85.3%	16	37	131.3%
Total Auto Revenue	**148,866**	**150,295**	**111,517**	**112,704**	**151,482**	**0.8%**	**37,062**	**38,120**	**2.9%**
GM Finance Revenue	1,410	1,961	1,432	1,432	2,238	14.1%	514	863	67.9%
Total Consolidated Revenue	**150,276**	**152,256**	**112,949**	**114,136**	**153,720**	**1.0%**	**37,576**	**38,983**	**3.7%**

EBIT by Segment ($mm)	2011	2012	YTD 9/30/12	YTD 9/30/13	LTM 9/30/13	% Growth	3Q12	3Q13	% Growth
North America	7,194	6,397	5,248	5,577	6,726	5.1%	1,715	2,187	27.5%
% Margin	*8.0%*	*7.1%*	*7.8%*	*8.0%*	*7.2%*		*7.7%*	*9.3%*	
Europe	-747	-1,935	-1,175	-499	-1,259	34.9%	-487	-214	56.1%
% Margin	*-2.8%*	*-9.4%*	*-7.6%*	*-3.4%*	*-6.3%*		*-10.4%*	*-4.4%*	
South America	-122	459	328	300	431	-6.1%	159	284	78.6%
% Margin	*-0.7%*	*2.8%*	*2.7%*	*2.4%*	*2.6%*		*3.7%*	*6.5%*	
Asia Pacific	1,897	2,584	1,909	1,022	1,697	-34.3%	761	299	-60.7%
% Margin	*7.5%*	*11.3%*	*11.5%*	*6.6%*	*7.8%*		*13.3%*	*5.6%*	
Auto EBIT	**8,223**	**7,505**	**6,310**	**6,400**	**7,595**	**1.2%**	**2,148**	**2,556**	**19.0%**
% Margin	**5.5%**	**5.0%**	**5.7%**	**5.7%**	**5.0%**		**5.8%**	**6.7%**	
GM Finance EBIT	622	744	598	673	819	10.1%	200	239	19.5%
Total Consolidated EBIT	**8,845**	**8,249**	**6,908**	**7,073**	**8,414**	2.0%	**2,348**	**2,795**	19.0%
% Margin	**5.9%**	**5.4%**	**6.1%**	**6.2%**	**5.5%**		**6.2%**	**7.2%**	

[1] LTM 9/30/13 vs. FY12

Source: Company reports

GM Auto's operating performance by geography



Source: Company reports

Disclosure

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