

March 28, 2017

*Unlocking Value at GM:*  
*Two Classes of Common Shares*

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## Introduction

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- Greenlight Capital is a value-oriented, research-driven investment management firm
- Greenlight is a long-term holder of GM stock
- We believe in GM's prospects and the opportunity for long-term value creation

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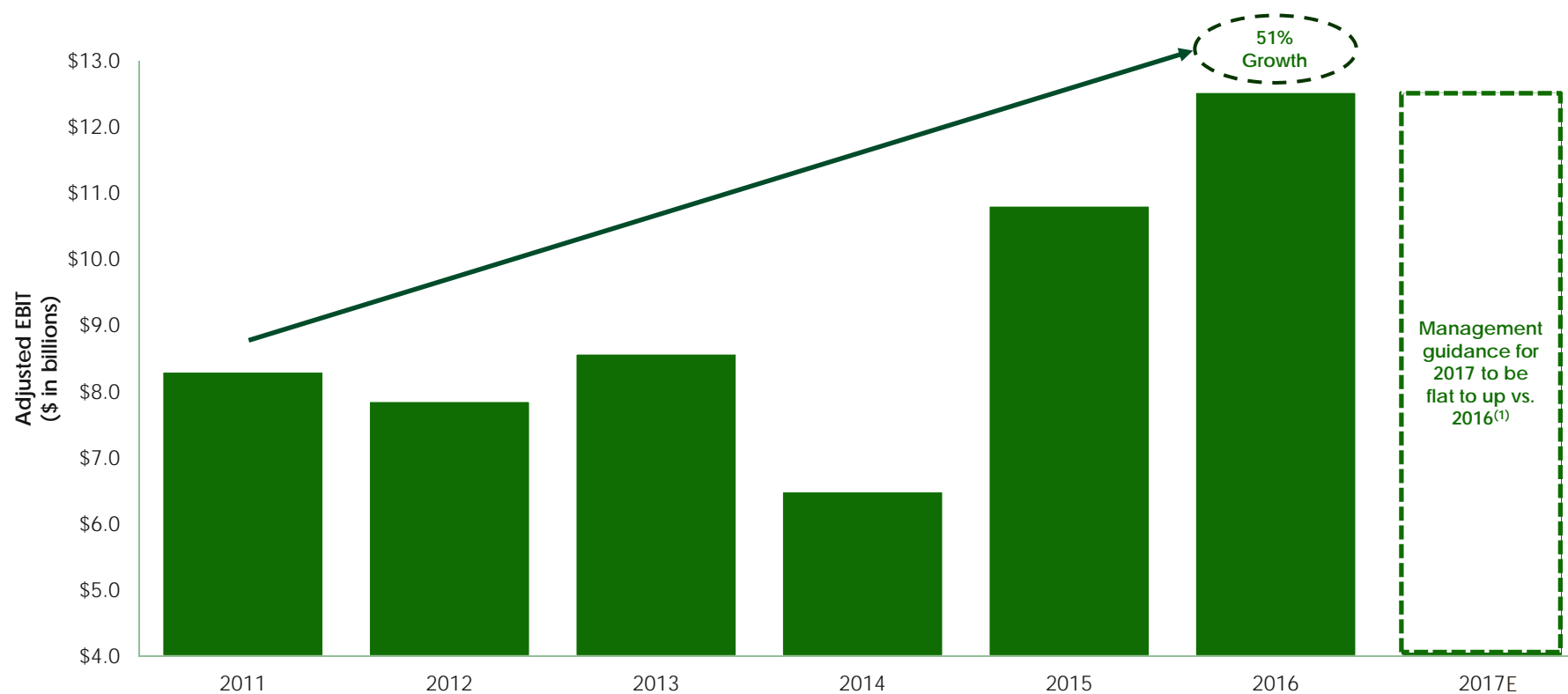
## Introduction (cont.)

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- GM's stock is not fairly valued today
  - Despite fundamentally strong operations, the stock trades at a significant discount to intrinsic value
  - The current P/E (price-to-earnings) multiple (5.6x) is the lowest in the S&P 500
  - The dividend yield (4.4%) is very high relative to the overall market and to GM's conservative payout ratio (24%)
  - However, GM's dividend is not respected by the market
  - GM's investor base has a suboptimal combination of yield-oriented and value-focused shareholders with divergent investment objectives

## Where Are We Today?

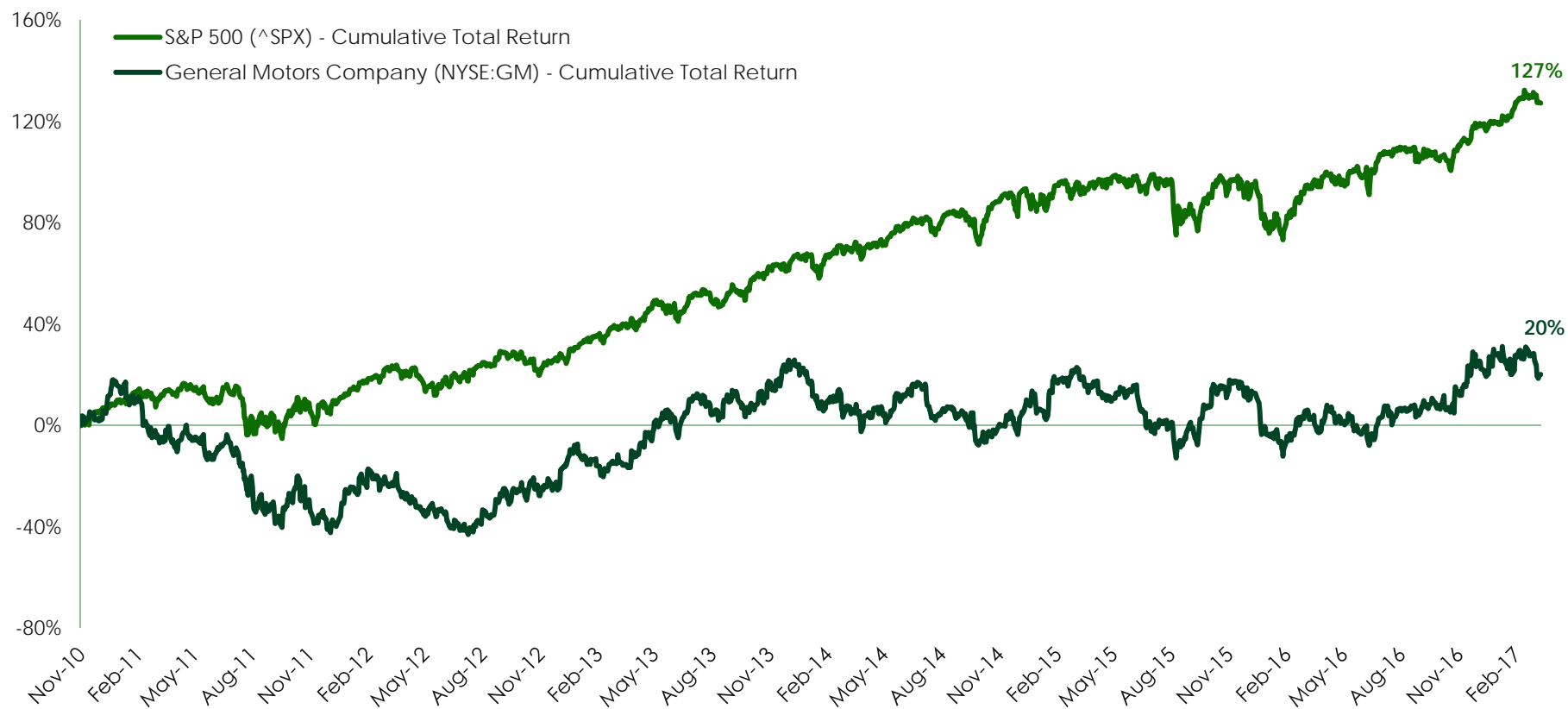
Despite strong operating performance . . .



(1) GM 2016 10-K, page 21  
Source: Public Filings

# Shareholders Are Still Awaiting Upside

... Shareholders have not been rewarded since the 2010 IPO, despite an equity bull market



Source: Bloomberg, as of March 27, 2017

## GM's Valuation Conundrum

GM trades at the lowest P/E ratio among the S&P 500 . . .

Lowest P/E Ratio Stocks	P/E Ratio 2017E
<b>General Motors Co</b>	<b>5.6x<sup>(1)</sup></b>
Mallinckrodt PLC	5.9x
Micron Technology Inc	6.9x
Ford Motor Co	7.2x
Chesapeake Energy Corp	7.4x
Navient Corp	7.7x
Mylan NV	7.8x
Gilead Sciences Inc	8.2x
Xerox Corp	8.4x
Macy's Inc	8.5x
Bed Bath & Beyond Inc	8.5x
LyondellBasell Industries NV	8.9x
Delta Air Lines Inc	9.0x
Michael Kors Holdings Ltd	9.1x
Goodyear Tire & Rubber Co/The	9.1x
<b>S&amp;P 500 Average<sup>(5)</sup></b>	<b>21.8x</b>

. . . and GM has an outsized dividend yield relative to its conservative payout ratio

Highest Yielding Stocks <sup>(2)</sup>	Dividend Yield 2017E	Payout Ratio 2017E
<b>General Motors Co</b>	<b>4.4%<sup>(3)</sup></b>	<b>24.3%<sup>(4)</sup></b>
Xerox Corp	3.7%	31.4%
LyondellBasell Industries NV	3.8%	34.0%
Navient Corp	4.6%	35.5%
Ford Motor Co	5.5%	40.1%
AES Corp/VA	4.3%	45.4%
Gap Inc/The	4.0%	46.3%
QUALCOMM Inc	3.8%	46.7%
AbbVie Inc	3.9%	47.0%
Macy's Inc	5.6%	47.5%
Invesco Ltd	3.9%	48.9%
Exelon Corp	3.6%	49.1%
Pfizer Inc	3.8%	50.1%
Seagate Technology PLC	5.1%	50.7%
International Paper Co	3.7%	51.1%
<b>S&amp;P 500 Average</b>	<b>2.0%</b>	<b>43.2%<sup>(6)</sup></b>

Note: Ratios and calculations shown above based on fiscal year 2017 consensus estimates for non-GM companies, except for companies that have disclosed fiscal year 2017 actual results (ratios for The Gap and Macy's are based on fiscal year ending January 2018 consensus estimates)

(1) Based on the midpoint of management guidance of \$6.25 2017 EPS

(2) Reflects lowest payout ratios among S&P 500 companies with dividend yields of 3.5% or higher

(3) Based on current annual dividend of \$1.52 per share

(4) Based on current annual dividend of \$1.52 per share and the midpoint of management guidance of \$6.25 2017 EPS

(5) Excludes P/E multiples greater than 100.0x

(6) Excludes payout ratios less than 0.0% and greater than 500.0%

Source: Bloomberg, as of March 27, 2017

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## Plan to Unlock Value

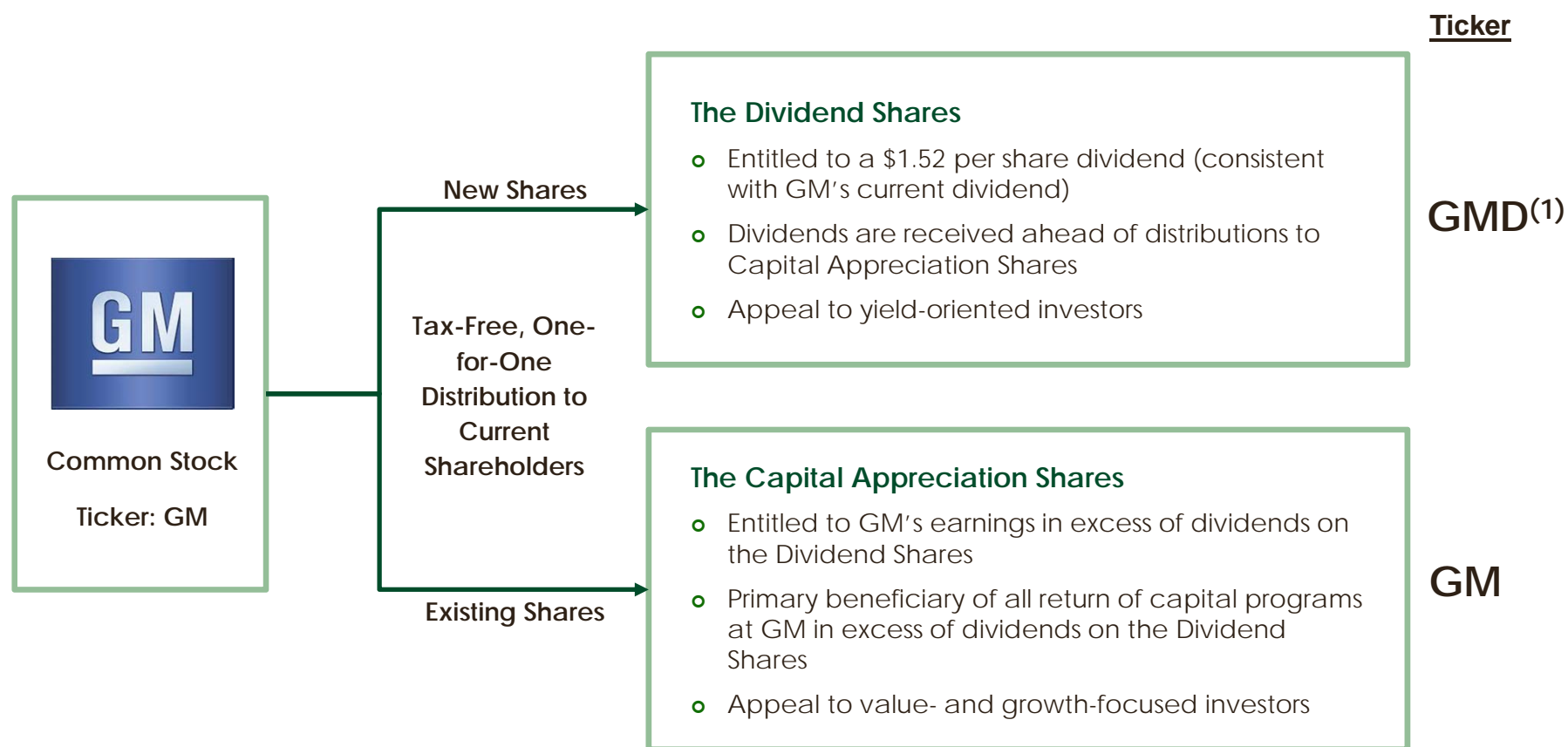
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- We believe there is a solution to unlock value that does not affect GM's underlying operations or financial flexibility
  - GM should distribute, on a tax-free basis, a second class of common stock that we call the "Dividend Shares"
    - The Dividend Shares would be entitled to today's dividend (\$1.52 per year)
    - The Dividend Shares would trade separately from the existing common stock
  - The existing common stock (the "Capital Appreciation Shares") would be entitled to the earnings in excess of dividends declared on the Dividend Shares, including all future growth

**Creating two classes of common stock will unlock GM's value by forcing the market to appropriately value the dividend and give credit for GM's earnings potential**



## Our Proposed Solution: Creating Two Classes of Common Stock



**Allows investors to optimize their exposure to income and / or growth**

(1) Reflects proposed ticker

## Our Proposed Shares

	The Dividend Shares	The Capital Appreciation Shares
<b>Ticker</b>	<ul style="list-style-type: none"> <li>o <b>GMD</b></li> </ul>	<ul style="list-style-type: none"> <li>o <b>GM</b></li> </ul>
<b>Distribution Mechanism</b>	<ul style="list-style-type: none"> <li>o Tax-free distribution of one Dividend Share for every share of GM outstanding</li> </ul>	<ul style="list-style-type: none"> <li>o Holders continue to own their existing GM stock</li> </ul>
<b>Features</b>	<ul style="list-style-type: none"> <li>o Separate class of common stock entitled to declared dividends</li> </ul>	<ul style="list-style-type: none"> <li>o Separate class of common stock entitled to earnings in excess of declared dividends on Dividend Shares</li> </ul>
<b>Dividends</b>	<ul style="list-style-type: none"> <li>o \$1.52 per share, the same as GM's current dividend</li> </ul>	<ul style="list-style-type: none"> <li>o Permitted, but not expected</li> </ul>
<b>Share Repurchases</b>	<ul style="list-style-type: none"> <li>o Permitted, but not expected</li> </ul>	<ul style="list-style-type: none"> <li>o Primary beneficiary of repurchases once all declared dividends have been paid on Dividend Shares</li> </ul>
<b>Voting</b>	<ul style="list-style-type: none"> <li>o Each share has one-tenth of a vote</li> <li>o Separate class vote for any change of control transaction</li> </ul>	<ul style="list-style-type: none"> <li>o Each share has one vote on all matters</li> </ul>
<b>Likely Owners</b>	<ul style="list-style-type: none"> <li>o Income-focused investors</li> </ul>	<ul style="list-style-type: none"> <li>o Value- and growth-focused investors</li> </ul>
<b>Valuation</b>	<ul style="list-style-type: none"> <li>o Yield-based</li> <li>o A likely yield of 7% – 9%</li> </ul>	<ul style="list-style-type: none"> <li>o P/E and EPS growth</li> <li>o Potential for increased EPS growth rate driven by repurchases</li> </ul>
<b>Expected Value</b>	<ul style="list-style-type: none"> <li>o \$17 – \$22 / share</li> </ul>	<ul style="list-style-type: none"> <li>o \$26 – \$38 / share</li> </ul>

**Combined Expected Value of \$43 – \$60 / share**

## Valuing the Dividend Shares

- We believe our solution will lead to GM being more fairly valued in the capital markets
- The Dividend Shares will be attractive to yield-oriented investors
- Our work indicates that they will trade with a 7% - 9% yield

Assumed Yield on Dividend Shares	<b>9.0%</b>	<b>8.0%</b>	<b>7.0%</b>
<i>Implied Multiple</i>	<i>11.1x</i>	<i>12.5x</i>	<i>14.3x</i>
Dividends Per Share (GM's Current Dividend)	\$1.52	\$1.52	\$1.52
<b>Value Per Dividend Share</b>	<b>\$16.89</b>	<b>\$19.00</b>	<b>\$21.71</b>

## Valuing the Capital Appreciation Shares

- The Capital Appreciation Shares will be attractive to value- and growth-focused investors
- We believe they will be valued based on a P/E multiple, and we value them conservatively at the current depressed P/E multiple
- But multiple expansion should occur because planned buybacks would buy more Capital Appreciation Shares than today's common stock due to a reduced absolute share price
- A more effective buyback will accelerate EPS growth, resulting in a higher P/E

Assumed P/E Multiple on Capital Appreciation Shares	<b>5.6x<sup>(1)</sup></b>	<b>7.0x</b>	<b>8.0x</b>
2017E EPS <sup>(2)</sup>	\$6.25	\$6.25	\$6.25
Less: Dividends Paid to Dividend Shares	(\$1.52)	(\$1.52)	(\$1.52)
2017E Earnings Attributable to Capital Appreciation Shares	\$4.73	\$4.73	\$4.73
<b>Implied Value Per Capital Appreciation Share</b>	<b>\$26.27</b>	<b>\$33.11</b>	<b>\$37.84</b>

(1) GM's Current 2017E P/E multiple

(2) Based on midpoint of management 2017 EPS guidance of \$6.25 per share

## Valuing the Two Classes

- The combined value of the Dividend Shares and the Capital Appreciation Shares leads to significant price appreciation compared to the current share price of \$34.71<sup>(1)</sup>

	Low Range	Mid Range	High Range
Implied Value Per Dividend Share	\$16.89	\$19.00	\$21.71
Implied Value Per Capital Appreciation Share	\$26.27	\$33.11	\$37.84
<b>Total Value Delivered to Each GM Shareholder</b>	<b>\$43.16</b>	<b>\$52.11</b>	<b>\$59.55</b>
<i>% Premium / (Discount) to Current Share Price<sup>(1)</sup></i>	<i>24%</i>	<i>50%</i>	<i>72%</i>

**Our plan will deliver upside of 24% to 72%**

<sup>(1)</sup> As of March 27, 2017

## Benefits

- Our plan does not affect GM's corporate strategy and will improve its financial flexibility
  - We are not advocating for any change to GM's capital allocation policy, including capital devoted to balance sheet cash, dividends or share repurchases
  - We believe our solution will lower GM's cost of capital and improve its access to capital
  - Simultaneously, our solution will enhance value for shareholders and attract new investors to GM's common stock

**Our plan will unlock between \$13 billion and \$38 billion of shareholder value through appropriate valuation of GM's dividend and earnings potential**

## Expected Impact of Our Plan

### For GM

Criteria	Change?
Strategic Flexibility	+
Optimizes Cost of Capital	+
Access to Capital	+
Default Risk	≈
Credit Rating	≈
Balance Sheet Risk	≈

### For Shareholders

Criteria	Change?
Alignment with Investment Objectives	+
Valuation	+
Attract New Investors	+
Liquidity	≈
Tax Efficiency	≈