

Pension Plan

The Hourly Pension Plan has been in effect since 1950 and is funded entirely by General Motors. There are no employee contributions to the Plan. As of Dec. 31, 2006, almost 357,000 hourly retirees and surviving spouses were receiving pension benefits totaling nearly \$4.7 billion paid during 2006.

The Hourly Pension Plan provides lifetime monthly pension benefits to hourly employees who retire, generally with 10 or more years of GM credited service. There are four types of retirement:

1. Normal Retirement – age 65
2. Early Voluntary Retirement – age 60, but not age 65, with 10 or more years of credited service; age 55, but not 60, whose combined age and years of credited service total at least 85; and any age with 30 or more years of credited service
3. Mutual Retirement – age 55 (50 if plant closing), but not 65, with 10 or more years credited service
4. Total & Permanent Disability Retirement – totally & permanently disabled prior to attaining age 65 with at least 10 years of credited service

In 1960, 25,000 hourly retirees and surviving spouses were receiving a total of \$17 million in benefits. By 2006, that amount had increased to nearly \$4.7 billion for 357,000

hourly retirees and surviving spouses. Likewise, pension assets in the Hourly Pension Trust have grown from \$688 million in 1960 to \$68.5 billion at the end of 2006.

From 1990 to 2006, GM has contributed more than \$46 billion in cash, GM E and GM H stock to the Hourly Pension Plan. As of Dec. 31, 2006, the Hourly Pension Plan on a SFAS 87 basis was over-funded by \$11.6 billion.

An employee receives a pension based on their credited service and a benefit rate that relates to their hourly wage. For example, an age 65 GM hourly employee with 30 years of credited service retiring in October, 2006, whose benefit rate is based on their wage as an Assembler, would receive a GM pension of \$1,527. Additionally, this retiree would receive their Social Security benefits.

Although age 65 is considered a “Normal” retirement, GM hourly employees tend to retire early. The average age at retirement of GM hourly employees currently receiving pension benefits is 56. For an employee who retires in 2006 before age 62 and one month with 30 years of credited service, that employee is entitled to a monthly supplement which when added to the basic benefit equals \$3,020. (When this supplement is no longer payable, the unreduced basic benefit amount is payable. Additionally, Social Security benefits are payable if the retiree applies for such benefits.)

GM hourly retirees or surviving spouses reside in all 50

states. As of the end of 2006, nearly 65,700 of those recipients were age 80 or older and 155 of that group were age 100 or older.

Since 1960, there have been 24 separate increases in GM's lifetime monthly basic pension benefit rate for hourly retirees and surviving spouses. In 1960, the lifetime basic benefit for an "Assembler" was \$2.50 per year of credited service. Today, that rate is \$50.90 per year of credited service.

In addition, since 1976, there have been 18 cash lump-sum payments to retired employees totaling as much as \$11,415. These are cash payments not Hourly Pension Trust payments.

Year	Amount of Lump Sum
1976	\$600
1985	\$200
1986	\$200
1988	\$420
1989	\$420
1991	\$630
1992	\$630
1994	\$570
1995	\$570
1997	\$480
1998	\$480
2000	\$1,095
2001	\$1,035
2002	\$885
2003	\$800
2004	\$800
2005	\$800
2006	\$800

Surviving spouses of hourly retirees generally receive 65 percent of the cash amounts noted above.

During 2006, GM paid approximately \$220 million in lump sum cash payments to hourly retirees and surviving spouses.

401K Plan

In addition to providing employees with a retirement income stream through the Hourly Pension Plan, GM offers employees the opportunity to make contributions to a voluntary 401(k) plan called the Personal Savings Plan (PSP). GM established the PSP in 1984 to help employees accumulate additional retirement savings, while at the same time providing employees with the opportunity to acquire stock ownership in GM.

Currently, employees may contribute from 1 percent to 60 percent of weekly earnings on a pre-tax basis, Roth after-tax contributions, traditional after-tax contributions, or any combination of the three up to the annual IRS contribution limits. The Roth 401(k) feature was added to the PSP effective July 1, 2006. Earnings on contributions grow tax-free until withdrawn. Under the provisions of Roth contributions, such withdrawals that include Roth contributions and earnings thereon are tax-free if made after a five-taxable year period and provided the participant has attained age 59-1/2, or the withdrawal is

made on account of death or disability.

PSP participants may elect from a varied selection of investment options to meet their individual savings goals and risk profile. The new PSP Fund Line-up, which is being restructured effective June 29, 2007, includes 11 Lifecycle investment options and a broad array of index funds, actively managed funds, a balanced fund and the GM Company Stock Fund. Participants may transfer funds among investment options, as well as borrow or withdraw funds on a daily basis via a secure website, telephone voice response system (VRU) or through a service representative. GM Asset Management (GMAM), the plan's named investment fiduciary, conducts an annual performance review of each fund offered under the Plan (excluding GM Common Stock). State Street Bank and Trust Company serves as an independent named fiduciary and investment manager with respect to the GM common stock fund.

Employees age 50 and older, or those who will turn age 50 during the current calendar year, are also eligible to make "catch-up" contributions. Catch-up contributions may be made as pre-tax and/or Roth contributions. For 2007, employees eligible to make catch-up contributions may invest an additional contribution to the PSP over and above the annual IRS contribution limits. As of year-end 2006, there were 2,736 hourly employees electing to make "catch-up" contributions to their PSP account.

As of Dec. 31, 2006, there were 47,981 (51 percent) active hourly employees participating in the Plan, out of 94,082 eligible hourly employees.

The market value of the PSP as of Dec. 31, 2006 was \$8.5 billion. A breakdown of the PSP portfolio on Dec. 31, 2006 follows:

GM Common Stock Fund	\$.6 billion
Promark Funds (managed by GMAM)	\$4.5 billion
Fidelity Funds	\$3.3 billion
Other Funds	\$.1 billion
Total	\$8.5 billion

There were 56,669 hourly retiree accounts in the PSP as of Dec. 31, 2006.

GM provides PSP participants with investment education through the plan's website (www.gmbenefits.com) quarterly Pathways & Stages magazine publications, quarterly performance summaries & statements, and the annual plan prospectus. GM locations can also request investment education workshops for their employees through Fidelity Investments, the PSP Plan record keeper.