2007 GM-UAW Labor Agreement
Forward Looking Statements

• In the presentations and in related comments by General Motors’ management, we will use words like “expect,” “anticipate,” “estimate,” “intend,” “evaluate,” “seek,” “believe,” “potential,” “design,” “impact,” “projection,” or “pro-forma” to identify forward-looking statements that represent our current judgments about possible future events. We believe these judgments are reasonable, but GM’s actual results may differ materially due to a variety of important factors. Among other items, such factors include: the ability of GM to achieve reductions in costs as a result of the turnaround restructuring and health care cost reductions and to implement capital expenditures at levels and times planned by management; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt; costs and risks associated with litigation; changes in our accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates; the successful completion of collective bargaining agreements with all unions that represent GM employees/retirees and the legal interpretations of those agreements; labor strikes or work stoppages at GM; and general economic conditions, in particular health care costs and investment returns.

• GM’s most recent annual reports on Form 10-K and quarterly reports on Form 10-Q provide information about these factors, which may be revised or supplemented in future reports to the SEC on those forms.
Agenda

- 2007 Agreement Overview
- Retiree Health Care / VEBA Trust
- Two-Tier Wage Structure
- Other Operating Changes
- Financial Summary
2007 Agreement Key Outcomes

• Competitiveness
  – Enables appropriate employment levels and introduces wage and benefit structures that support efforts to close manufacturing cost gap

• Flexibility
  – Mechanisms to help deploy labor force where required
  – Improved ability to adjust workforce to reflect market conditions
  – VEBA funding structured to allow contribution payments over time

• Commitment
  – Retiree health care benefits funded for current UAW hourly employees and retirees while largely eliminating health care inflation risk from capital structure
  – Continue product and technology investment in the U.S.
2007 Agreement Key Elements

• Independent VEBA Trust established for retiree health care obligations

• Two-tier wage agreement established for non-core employees and new hires
  – Agreed to hire 2,800 temporary workers as permanent

• Job security provisions revised

• No base wage increases, lump sums granted instead

• Reduced COLA escalation

• Upfront agreement on product and sourcing plan

• Increased pension benefits for current and future retirees
Agenda

• 2007 Agreement Overview

• Retiree Health Care / Independent VEBA

• Two-Tier Wage Structure

• Other Operating Changes

• Financial Summary
2005 Retiree Health Care Agreement

• In October 2005, announced GM-UAW Retiree Health Care Agreement, which modified postretirement health care benefits for UAW hourly retirees and actives
  – Agreement effective through September 2011
  – Introduced for the first time employee monthly contributions, deductibles and co-pays, as well as prescription drug and dental coverage changes

• A UAW-sponsored Mitigation VEBA was established to help defray out-of-pocket cost impact to retirees and completely fund retiree dental benefits
  – GM agreed to make three $1B contributions in 2006, 2007 and 2011
  – UAW agreed to defer future wage increases and a portion of future COLA payments to Mitigation VEBA
  – Agreed to additional stock appreciation rights and profit sharing diversions

• Agreement implemented in March 2006 upon district court approval

• Based on final remeasurements related to plan changes, agreement yielded gross $17B reduction in GM OPEB liability
2007 Retiree Health Care Overview

• GM and UAW agree that responsibility for retiree health care will permanently shift from GM to a new retiree plan funded by a new Independent VEBA

• Incorporates 2005 Health Care Agreement and is subject to court approval
  – Implementation will be later of January 1, 2010 or date on which any appeals or challenges to court approval are exhausted

• Agreement ensures UAW may not negotiate to increase GM funding or otherwise seek to obligate GM to:
  – Provide any additional contributions to the Independent VEBA
  – Make any other payments for the purpose of providing retiree medical benefits
  – Provide retiree medical benefits through any other means

• Employees may in future contribute earnings that they received from wages, profit sharing, COLA, or signing bonuses
Independent VEBA Summary

• New retiree health care agreement and VEBA will cover:
  – All retirees as of 9/14/2007
  – Active UAW-represented employees with seniority as of 9/14/2007
  – UAW Delphi retirees and actives covered under GM-UAW-Delphi restructuring plan (approximately 12k people)
  – UAW retirees and actives of closed or divested GM-UAW business units (to the extent GM has responsibility for their health care)

• New hires not included in Independent VEBA and not offered defined benefit postretirement health care

• GM and UAW agreed on funding Independent VEBA based on various key assumptions
  – Asset returns of 9% annually, with risk borne by VEBA
  – Ultimate health care trend rate of 5% annually, with risk borne by VEBA
  – Incorporation of 2005 Health Care Agreement wage/COLA diversions
  – Standard actuarial assumptions
UAW-Related Health Care Obligations

- Addresses UAW-related retiree health care obligations totaling $46.7B

<table>
<thead>
<tr>
<th>Accumulated Postretirement Benefit Obligation</th>
<th>$ Bils</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total U.S. OPEB at YE 2006</strong></td>
<td>64.3</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Salary OPEB</td>
<td>(7.9)</td>
</tr>
<tr>
<td>Remaining Mitigation VEBA pmts</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Hourly Life Insurance</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Non-UAW Hourly Health</td>
<td>(3.8)</td>
</tr>
<tr>
<td>SFAS 158 Remeasurement*</td>
<td>(0.7)</td>
</tr>
<tr>
<td><strong>UAW Hourly Health</strong></td>
<td>46.7</td>
</tr>
</tbody>
</table>

- UAW-related obligations estimated at $47B at mid-year for purpose of negotiations when adjusted for updated Delphi impact ($3B increase) and assumed discount rate increase

- Actuals will be determined at year-end under SFAS 158

* Impact of adopting year-end measurement dates for all pension/OPEB plans at 12/31/06, implemented by GM in Q1 ‘07
Treatment of 2005 Health Care Agreement

• Upon effective date, new Independent VEBA deal supersedes 2005 agreement

• GM remains obligated to make final $1B Mitigation VEBA payment from 2005 agreement in 2011

• Profit sharing from the 2005 OPEB agreement eliminated

• Capped upside potential from the stock price increase granted in 2005 OPEB agreement

• 2005 Health Care Agreement wage/COLA diversions were calculated and negotiated at $3.8B present value
  – This amount included in funding for new Independent VEBA
  – Wage/COLA diversions retained by company
**Independent VEBA Funding**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008/2009 Cash</td>
<td>5,400</td>
<td>PV of UAW retiree health care payments thru 1/1/2010 or court approval (whichever is later)</td>
</tr>
<tr>
<td>Initial VEBA Contributions:</td>
<td>16,000</td>
<td>Estimated transfer from existing VEBA</td>
</tr>
<tr>
<td></td>
<td>2,500</td>
<td>Additional upfront cash contribution</td>
</tr>
<tr>
<td>Additional Payments:</td>
<td>5,600</td>
<td>PV amount with timed payment option</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>29,500</strong></td>
<td></td>
</tr>
<tr>
<td>Pension Pass-thru</td>
<td>1,700</td>
<td>PV of $800 retiree lump sums</td>
</tr>
<tr>
<td>4/1/08 Contingency payment</td>
<td>165</td>
<td>Committed payment under terms of agreement</td>
</tr>
<tr>
<td>Convertible Note</td>
<td>4,372</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,737</strong></td>
<td></td>
</tr>
<tr>
<td>2005 Health Care</td>
<td>(3,800)</td>
<td>PV of wage/COLA deferrals from '05 agreement</td>
</tr>
<tr>
<td><strong>Memo: Contingent Amount</strong></td>
<td>1,575</td>
<td>PV of up to 19 payments of $165 million/year (conservative worst case)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,937</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: All present values calculated at 9% investment rate
Independent VEBA Timeline

1/1/08 1/1/09 1/1/10 1/1/11

Internal UAW VEBA / Temp. Asset Account to be Established 1/1/08 ($18.5B + $4.4B Convertible Note)

Initial Effective Date Est. Q4 ($5.6B With Option To Pay Over Time)

First Contingent Payment 4/1/08 ($165M)

Continue Retiree HC Cash Payments (Est. 1/1/10)

Flat Monthly Lifetime Pension Benefit $66.70

Final Effective Date Est. 1/1/10

Final $1.0B Payment From 2005 HC Deal (4/1/11)

1/1/08 1/1/09 1/1/10 1/1/11
Independent VEBA Convertible Note

- Independent VEBA funding includes $4.3725B convertible note at following terms:
  - 6.75% interest paid semi-annually
  - 5 year maturity from issuance on 1/1/2008; callable by GM any time after Year 3
  - Convertible for approximately 109 million shares based on $40 conversion price; may be converted in last six months before maturity or when GM stock price exceeds $48

- Note to be issued to a GM subsidiary and will accrue interest from 1/1/2008, but will be treated like treasury stock until assigned to Independent VEBA on 1/1/2010*

- Various key restriction covenants are included
  - Subject to lock-up period until 1/1/2010*
  - After lock-up, may sell about half of note or stock per year
  - Prohibition on sale of more than 2% to one holder
  - Trustee to vote stock in same proportion as all shareholders

* Or date of transfer to Independent VEBA after court and regulatory approval, if later
Change to Retiree Health Care Accounting

• Generally speaking, two types of accounting treatment can be triggered by reductions in retiree health care
  – Dependent largely on existence of ongoing actual or contingent obligations or involvement on the part of the company
  – Other factors may also impact appropriate accounting treatment

• Plan settlement – liability is entirely defeased
  – Liability is removed from balance sheet and taken as a one-time net gain

• Plan amendment – ongoing obligations exist
  – Liability is reduced to the present value of future obligations; the negative plan amendment generated by the change in the liability is amortized over time

• GM to seek SEC concurrence with accounting treatment
  – Expect negative plan amendment accounting to apply given structure of proposed plan (e.g. future capped VEBA contributions)
Independent VEBA Accounting Impact

• Under a negative plan amendment, balance sheet must recognize net liability equal to present value of cash flows associated with future obligations
  – GM’s net balance sheet liability under the new plan would be limited to GM’s capped contributions to the new Independent VEBA

• Negative plan amendment arises due to cap on GM contributions (vs. increased cost share or reduced benefits)
  – Requires mutual understanding with plan participants that benefits have been reduced
  – Requires all employer contributions be included in initial measurement of capped obligation
    • Includes contingent payments
Independent VEBA Timeline

1/1/08

Internal UAW VEBA / Temp. Asset Account to be Established 1/1/08 ($18.5B + $4.4B Convertible Note)

First Contingent Payment 4/1/08 ($165M)

Flat Monthly Lifetime Pension Benefit $66.70

Flat Effective Date Est. 1/1/10

Final $1.0B Payment From 2005 HC Deal (4/1/11)

1/1/09

Initial Effective Date Est. Q4 ($5.6B With Option To Pay Over Time)

1/1/10

Accting

• Assets Reported In GM’s Consolidated Balance Sheet
• Convertible Debt Will Be Presented Similar To Treasury Stock

1/1/11

• Transfer New VEBA Assets To New Trust
• Transfer 2005 VEBA Assets
• Transfer Convertible Note

No Change In OPEB Accounting

Negative Plan Amend.
Post-Implementation Pro-forma OPEB Liability

- Accounting rules require the OPEB liability to be measured based on economic conditions existing on 1/1/2010
  - Impossible to precisely predict future economic conditions, but net UAW hourly health care balance sheet liability estimated to be about $6B – 13B depending on assumptions, including FAS 106 discount rate (assumed to be 6%)
  - Low end of range assumes all required contributions have been made except:
    - PV of remaining contingent payments
    - PV of remaining Mitigation VEBA contribution ($1B in 2011)
    - 7/8ths of face value of the convertible note
  - High end of range assumes the same items above as well as:
    - PV of timed additional contributions and 2005 wage/COLA deferrals
  - Additionally, measurement of balance sheet liability will be based on actual market value of convertible note on 1/1/2010
    - Therefore, high end of liability range will increase if value of note increases

- Due to market transferability restrictions on convertible note, pro-forma 1/1/2010 liability assumes 7/8ths reflected in GM’s OPEB liability with remainder carried on GM balance sheet as debt

- Following maturity of convertible note in 2013, projected net OPEB liability would range from $2B (reflecting only PV of remaining contingent payments) to $9B (including PV of remaining base and wage/COLA payments)
Pro-forma OPEB Expense Impact

- **2008/2009**: No change in what GM’s OPEB accounting otherwise would have been

- **2010/2011**: Estimated annual pre-tax savings projected to be $2.6B - $3.4B primarily due to the effect of the negative plan amendment
  - Significant assumptions include the following:
    - Negative plan amendment amortized over the remaining average period for active UAW participants to reach full eligibility for retiree health care benefits
    - Assumed discount rate of 6% remains constant
    - Assumed market value of the convertible note at 1/1/2010 equals face value

- Changes in these and other assumptions could result in a lower or higher plan amendment
  - For example, if the market value of assets actually contributed on 1/1/2010 increases (e.g. due to appreciation on the convertible note), the amount of the negative plan amendment will be lower
Cash Flow Impact of Independent VEBA

• Incremental cash flow impact for GM includes upfront and other ongoing cash contributions
  – Excludes cash flow impact of wage/COLA deferrals from 2005 Agreement as not considered incremental

• Favorable cash flow impact beginning in 2010 driven by savings of future health care payments

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Net of VEBA</td>
<td>(2.5)</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Additional Timed Payments*</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>4/1/2008 Contingency Payment</td>
<td>(0.2)</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>PAYG Savings</td>
<td>--</td>
<td>--</td>
<td>3.4</td>
<td>3.7</td>
</tr>
<tr>
<td>Interest on Convertible / Ongoing Cash Payment</td>
<td>(0.4)</td>
<td>(0.5)</td>
<td>(0.4)</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Net Cash Flows</strong></td>
<td><strong>(3.3)</strong></td>
<td><strong>(0.7)</strong></td>
<td><strong>2.8</strong></td>
<td><strong>3.3</strong></td>
</tr>
<tr>
<td>Additional Contingent Payments</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td></td>
</tr>
</tbody>
</table>

* Associated with $1.8B of $5.6B Additional Payments

• GM’s reported liquidity as of year-end 2007 will decline by $2.6B due to exclusion of short-term VEBA assets
Retiree Health Care Summary

• GM to fund an Independent VEBA trust with substantial level of capital

• After final implementation, GM no longer responsible for providing retiree health care benefits to UAW-represented retirees and actives

• Independent VEBA assumes all future investment return and trend risks

• New hires to receive $1 per compensated hour in lieu of postretirement health care benefits

• Agreement is permanent, UAW may not negotiate further for retiree health care benefits
Agenda

• 2007 Agreement Overview

• Retiree Health Care / Independent VEBA

• Two-Tier Wage Structure

• Other Operating Changes

• Financial Summary
Two-Tier Wage Structure Overview

- New Tier II wage for “non-core” positions
  - Applies to new hires only

- Tier II new hires enter at base wage rates that are approximately 50% of current UAW GM “Tier I” rate

- Benefit structure also significantly modified
  - Higher cost share for active health care coverage
  - Cash balance pension plan vs. traditional defined benefit pension plan
  - 401k defined contribution plan in lieu of retiree health care coverage (applies to all new hires, including those in “core” positions)
## Tier II / New Hire Wage & Benefit Plan

<table>
<thead>
<tr>
<th></th>
<th>New Non-Core Rate</th>
<th>Existing GM Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Wage</strong></td>
<td>$15.30 Base* ($14.00 Start)</td>
<td>$28.12 Base</td>
</tr>
<tr>
<td><strong>Active Health Care</strong></td>
<td>15% employee cost share + $600 Flex Spending Account</td>
<td>5% employee cost share</td>
</tr>
<tr>
<td><strong>Retiree Health Care</strong></td>
<td>In lieu of, $1.00/hr 401k contribution**</td>
<td>Future VEBA Trust</td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td>Cash Balance Plan @ 6.4%**</td>
<td>Traditional Pension</td>
</tr>
</tbody>
</table>

### 2008 All-in Cost/Hr

<table>
<thead>
<tr>
<th></th>
<th>$25.65</th>
<th>$78.21 (incl. OPEB)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Memo:</strong></td>
<td>$60 excl. OPEB</td>
<td></td>
</tr>
</tbody>
</table>

* Base wage before inflation adjustment after full grow-in over 2 years

** Will continue in plans even if later transitioned to core position
Post 2007 Bargaining – Transition to Tier II

Core

GM Internal Employees

Examples --
- Vehicle General Assembly
- Engine/Transmission Assembly
- Productive Maintenance
- Quality

Non-Core

Internal GM at Tier II wage/benefit Structure

Examples --
- Material Movement
- Kitting and Sequencing

Non GM 3rd Party

Example -- Housekeeping

In excess of 16k positions

Examples --
- Vehicle General Assembly
- Engine/Transmission Assembly
- Productive Maintenance
- Quality
Current Workforce Demographics

- Present U.S. hourly workforce demographics indicate that 65-75% would be retirement eligible in contract period

<table>
<thead>
<tr>
<th>Expected Demographics (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/07</td>
</tr>
<tr>
<td>Retirement Eligible</td>
</tr>
<tr>
<td>Early retirement/Leave Eligible</td>
</tr>
<tr>
<td>Non-retirement Eligible</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

- Retain ability to adjust workforce based on market conditions and productivity gains, and transition significant number of positions to Tier II wage structure
  - Current demographics of workforce a key enabler
  - Will require upfront restructuring costs
Agenda

• 2007 Agreement Overview
• Retiree Health Care / Independent VEBA
• Two-Tier Wage Structure
• Other Operating Changes
• Financial Summary
Other Key Elements Overview

- No annual base wage increases
  - Lump sum payments of $3,000 in 2007 and 3%/4%/3% ($2,600/$3,200/$2,600) performance bonus in 2008/2009/2010

- COLA reduced vs. prior agreement
  - Approximately two-thirds retained by GM to partially offset VEBA contributions and active health care

- Significant revisions to job security language
  - Secured Employment Level requirements also removed

- Significant time spent upfront with the UAW defining work which would be retained vs. outsourced

- Attendance Policy revisions to reduce absenteeism

- Pension increases of approximately 1.3% annually per retiree (excluding impact of VEBA-related lump sum payments)
Historical Wage Escalation

• In exchange for additional VEBA contributions, UAW agreed to no base wage increases for 4 years
  – Base wage increases in every previous contract since 1982

• Wage/Benefits have historically had four major inflationary drivers:

<table>
<thead>
<tr>
<th>Contract Element</th>
<th>2003</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage Increases</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Pension Increases</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Health Care Inflation</td>
<td>Yes</td>
<td>Only Actives (post-2010)</td>
</tr>
<tr>
<td>Cost of Living Increases (COLA)</td>
<td>Yes</td>
<td>Reduced by 2/3</td>
</tr>
</tbody>
</table>
Reduced COLA Escalation

$ per Hr.

2003 Agreement: $2.25
- $0.22 Employee
- $2.08 Diversions Retained by GM

2003 Agreement Incl. '05 Health Care Agreement: $2.47
- $0.39 Employee
- $2.08 Diversions Retained by GM

2007 Agreement: $2.30
- $1.50 Employee
- $0.80 Diversions Retained by GM

Approx. 65%
# JOBS Bank / Job Security Revisions

## 2007 Agreement provisions

<table>
<thead>
<tr>
<th>JOBS Bank Reduction Programs</th>
<th>• New Special Attrition Program including mandatory placement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area Hire</strong> (&lt; 50 miles)</td>
<td>• One job offer refusal results in leave without pay/benefits</td>
</tr>
</tbody>
</table>
| **Extended Area Hire** (> 50 miles) | • 4 job offer refusals results in leave without pay/benefits  
  • Exception: 2 job offer refusals at Linden, Oklahoma City, Rancho Cucamonga  
  • Maximum 2 years protection  
    – Shorter if employee refuses jobs |
Secured Employment Levels Eliminated

• Prior Agreement contained language which calculated specific employment levels based on UAW hourly employee attrition
  – Based on complicated formula using a Benchmark Minimum Employment Level from 1999 Agreement

• 2007 Agreement removes all language that requires facilities to calculate specific employment floors
  – All formulas, benchmark minimums and related administration have been eliminated
Upfront Sourcing Agreements

• Housekeeping to be sub-contracted
  – Agreement to exit substantial portion of ~1,700 current housekeeping functions before January 2009

• Also able to sub-contract large scale construction projects and roof/HVAC/sub-station repairs

• Upfront agreement on outsourcing for core vehicle production and non-core operations
  – Non-core operations will transition to Tier II wages and benefits

• As part of the agreement GM agreed to:
  – Hire 2,800 temporary employees permanently at Tier I wage
  – In-source 3,000 Tier II positions if positive business case
## Capacity Action Summary

<table>
<thead>
<tr>
<th>2003 Agreement Closures</th>
<th>2005 Capacity Announcement</th>
<th>2007 Agreement Revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore Assembly</td>
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<tr>
<td>Saginaw Malleable</td>
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<tr>
<td>Electromotive Division</td>
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<tr>
<td>Argonaut Building</td>
<td></td>
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<tr>
<td>Oklahoma City</td>
<td></td>
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<tr>
<td>Lansing Craft</td>
<td></td>
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<tr>
<td>Lansing Metal</td>
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<tr>
<td>Spring Hill Line #1</td>
<td></td>
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<tr>
<td>Oshawa Car 2</td>
<td></td>
<td></td>
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<tr>
<td>Pittsburgh Metal</td>
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<tr>
<td>Doraville Assembly</td>
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<tr>
<td>St. Catharines</td>
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<tr>
<td>Flint North</td>
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<td>SPO Portland</td>
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<td>SPO Ypsilanti</td>
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<tr>
<td>SPO Drayton Plains</td>
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<tr>
<td>Linden Assembly</td>
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<tr>
<td>Livonia Engine</td>
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<td>Massena Foundry</td>
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<td>Indy Stamping</td>
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<td>SPO St. Louis</td>
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</tbody>
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Manufacturing Capacity Considerations

• Agreement confirms GM’s ability to continue implementing capacity actions announced in 2005

• Investment commitments specified at select plants conditional on market demand, business case and GM Board of Directors approval
  – 14 assembly plants and 25 related powertrain and stamping facilities

• Plants without specific investment commitments will be dependent on future market conditions and product plans

• Revised job security provisions are key enablers to managing capacity in response to market conditions
  – From a cost perspective, most critical aspect is ability to utilize available workforce through timely redeployment
Pension Plan Revisions

• Basic benefit increases for both current and future retirees
  – Current: $2.00 increase
  – Future: $2.65 increase (compares to $4.20 in 2003 agreement)
  – Also modest increases to “30 & out”, survivor, and other benefits
  – Delphi covered employees granted same increases

• Current retirees (including Delphi) granted lump sum payments of a maximum of $700/year over life of agreement
  – Will be covered by pension plan assets (new to this agreement)

• These revisions estimated to increase YE 2007 PBO by $4.3B
  – Additional $2.8B estimated increase to YE 2010 PBO associated with pension pass-thru to Independent VEBA
2007 Labor Contract Pension Summary

• Pension changes ($7.1B) comprised of “Traditional” ($4.3B) and VEBA related ($2.8B) increases

• Comparison to prior Contracts:

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<thead>
<tr>
<th>Type of Increase</th>
<th>2007 Contract</th>
<th>2003 Contract</th>
<th>1999 Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Benefit Increase (PBO)</td>
<td>$3.5B</td>
<td>$2.1B</td>
<td>$5.4B</td>
</tr>
<tr>
<td>Lump Sums paid from Plan Assets</td>
<td>$0.8B</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total “Traditional” Increases</strong></td>
<td><strong>$4.3B</strong></td>
<td><strong>$2.1B</strong></td>
<td><strong>$5.4B</strong></td>
</tr>
<tr>
<td>VEBA Related (PBO impact 1/1/2010)</td>
<td>$2.8B</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL PBO Increase</strong></td>
<td><strong>$7.1B</strong></td>
<td><strong>$2.1B</strong></td>
<td><strong>$5.4B</strong></td>
</tr>
<tr>
<td>Lump Sums paid from Cash</td>
<td>-</td>
<td>$0.9B</td>
<td>$0.7B</td>
</tr>
<tr>
<td><strong>TOTAL Pension Consideration</strong></td>
<td><strong>$7.1B</strong></td>
<td><strong>$3.0B</strong></td>
<td><strong>$6.1B</strong></td>
</tr>
</tbody>
</table>

Note: VEBA related PBO not recorded until implementation date of Independent VEBA. 2007 amounts assume 5.9% discount rate, which may differ from market rates in 2010, that will be used to measure PBO.
Funded Status Projection

- FAS 87 pro-forma funded status for Hourly Plan (using 5.9% discount rate and assumed asset returns):

- Includes estimated increase in Q4 2007 Service and Interest Cost because the company currently intends to remeasure the Hourly Plan as a result of the new labor contract.
Agenda

• 2007 Agreement Overview

• Retiree Health Care / Independent VEBA

• Two-Tier Wage Structure

• Other Operating Changes

• Financial Summary
U.S. Hourly People Cost (Expense)

2003 – 2011
- Health care cost shifts to Independent VEBA
- Adjust workforce levels
- Transition to Tier II
- Restructuring costs

Significant Cost Reduction Expected
• Believe new labor agreement significantly reduces GM’s manufacturing cost gap to competitors

• Current VEBA and well-funded pension plan provide flexibility to fulfill obligations within contract

• Independent VEBA transfers responsibility and risk associated with future UAW retiree health care costs away from GM starting in 2010

• New contract and labor demographics provide opportunity for significant, operating-related, positive cash flow and earnings
  – Will work with UAW leadership to determine appropriate ways to implement sourcing agreements and transition non-core portion of workforce