U.S. Pension Plans
Frequently Asked Questions
March 9, 2009

GM recently released its earnings for the fourth quarter of 2008, as well as the full 2008 calendar year. Included in the earnings release is information regarding the funded status of the U.S. Pension Plans. The earning release included information which reflected how GM's U.S. Pension Plans funded status had dropped from 124% funded as of December 31, 2007, to 87% funded as of December 31, 2008.

In addition to the impact of negative asset returns due to market volatility, the Plans were impacted by changes in the service and interest cost, actuarial assumptions, and hourly and salaried benefit plan modifications.

The following answers have been prepared to address some of the questions which have been raised by GM employees and retirees.

Q1: How does one know when the Salaried Retirement Program (SRP) and/or the Hourly-Rate Employees Pension Plan (HPP) are overfunded or underfunded? Is there some regular reporting made to the public for this? Where would one see it?
A: GM normally reports the funded status of the U.S. Pension Plans annually. However, to the extent the SRP and HPP are re-measured during the year, the funded status reporting is updated. The annual funded status is normally reported in the GM 10-K (typically released in the 1st quarter of the year) and in the Annual Report (typically released in May of each year).

Q2: What is the funded status of the Salaried Retirement Program?
A: As of the December 31, 2008 preliminary valuation (subject to final valuation), the SRP was 95% funded, representing a $1.5 billion deficit.

Q3: What is the funded status of the Hourly-Rate Employees Pension Plan?
A: As of the December 31, 2008 preliminary valuation (subject to final valuation), the HPP was 84% funded, representing a $10.9 billion deficit.

Q4: Does the funded status of the Salaried Retirement Program include the impact of the 2008 Salaried Retirement Window Program and the addition of the new $300 Level Benefit?
A: Yes.

Q5: Does the funded status of the Hourly-Rate Employees Pension Plan include the impact of the 2008 Special Attrition Program (SAP)?
A: Yes. It also includes the impact of the GM elimination of UAW hourly post-retirement health care which becomes the responsibility of the UAW VEBA Trust effective January 1, 2010. Additionally, GM became responsible for a portion of the Delphi Hourly Pension Plan following a transfer of assets and liabilities as agreed upon between the parties.

Q6: What rules or regulations determine when GM has to contribute to its U.S. Pension Plans?

A: Determinations regarding contributions to the U.S. Pension Plans are made in accordance with the provisions of ERISA (Employee Retirement and Income Security Act of 1974) and the recently enacted Pension Protection Act of 2006.

Q7: How are the GM U.S. Pension Plans protected and is the protection different for retirees versus current employees?

A: The U.S. Pension Plans are ERISA benefit plans. As such, vested pension benefits cannot be taken away or reduced by GM. Pension benefits under the plan are insured by the Pension Benefits Guarantee Corporation (PBGC), up to a certain amount. For more information about your U.S. Pension Plan benefits, please see the "general information" section of the Summary Plan Description.

Q8: Can the $300/month Level Benefit be reduced or eliminated by GM?

A: No. The $300/month Level Benefit is a monthly pension benefit which is payable for the lifetime of the eligible retiree or eligible surviving spouse of the retiree, commencing the first month after the eligible retiree reaches age 65 in accordance with the provisions of the SRP. Vested pension benefits cannot be taken away or reduced by GM.

Q9: What is the PBGC's role?

A: Pension benefits under the GM pension plans are insured by the PBGC, up to a certain amount. Per the PBGC web site (www.pbgc.gov), "the Pension Benefit Guarantee Corporation (PBGC) insures the retirement benefits of nearly 44 million Americans in over 30,000 pension plans. The PBGC paid out about $4.3 billion in benefits to retirees of terminated pension plans in fiscal 2007."

Q10: Are both Part A Non-Contributory and the Part B Contributory benefits under the Salaried Retirement Program insured by the Government?

A: Certain pension benefits under the SRP are insured by the PBGC, up to a certain amount. If required, PBGC insurance may be applicable to the total SRP benefits, including Part A, Part B Primary and Part B Supplementary benefits. For more information about the SRP benefits, please see the "general information" section of the Summary Plan Description.

Q11: What are the maximum levels of PBGC guaranteed benefits if the GM U.S. Pension Plans were to be terminated?

A: Per the PBGC website, "The overwhelming majority of the participants in plans taken over by the agency face no reduction in benefits due to the legal limits on coverage, PBGC research shows. The largest reductions occur in cases where participants earn pensions that 1) significantly exceed the maximum insurance benefit, or 2) provide generous early retirement subsidies. Under the PBGC's single-employer insurance program, retirees sometimes can receive more than the maximum guaranteed benefit. In general, three conditions must apply: 1) the participant earned a benefit in excess of the maximum guaranteed amount; 2) the participant retired or was eligible to retire at least three years prior to plan termination; and 3) the plan had sufficient assets to pay benefits above the guaranteed amount." The PBGC maximum benefit in 2009 for a single retiree who retires at age 65 is $54,000 per year. For a single retiree who retires at age 62 (the age at which the U.S. Pension Plans provides for an unreduced for age benefit) the maximum benefit is $42,660 per year. For a single retiree who retires at age 55 the maximum benefit is $24,300 per year. These amounts are reduced for retirees who elect a 50% surviving spouse (Joint and Survivor) benefit. For more information regarding the PBGC pension benefit guarantees, you may wish to visit the PBGC website at www.pbgc.gov.

Q12: Under what circumstances can the PBGC take over a corporate pension plan?
A: Based on comments from the PBGC's web site, "The PBGC (www.pbgc.gov) takes responsibility for paying benefits to current and future retirees when a pension plan runs out of money, when a company liquidates and has an underfunded plan, when the PBGC must end a plan to protect participants and the insurance fund, or when a sponsoring company demonstrates it cannot continue funding a pension plan and stay in business."