

**Memorandum of Understanding  
Post-Retirement Medical Care  
September 26, 2007**

The UAW and the Company have discussed at length the Company's on-going financial difficulties, loss of market share and other competitive challenges. The parties have also discussed that the current cost of providing post-retirement medical care is one of the most critical issues facing the Company's ability to compete in the North American marketplace. The UAW's goal in these discussions was to secure, to the greatest extent possible, these benefits which are absolutely crucial to the retirement security of UAW retirees who have spent a lifetime working for the Company.

In connection with these discussions, the Company has provided the UAW extensive access to the Company's financial records as well as actuarial information about the current and future costs of the Company's post-retirement medical programs. The UAW, along with its outside consultants and advisors, has conducted a thorough review of the Company's financial position and the actuarial information.

The importance of permanently restructuring post-retirement medical coverage for UAW represented employees and retirees is underscored by the fact that the Company advised the UAW that it plans to terminate the settlement agreement approved in the class action of *Int'l Union, UAW, et. al. v. General Motors Corp.*, Case No. 06-1475/2064 (the "Henry Case"), in accordance with its terms in 2011, and exercise its right to terminate and/or modify post-retirement medical coverage for UAW retirees and their dependents. In these discussions, the UAW has reasserted its legal position that post-retirement medical coverage for current UAW retirees is vested and unalterable.

As a result of these discussions, the parties have agreed, as set forth below, that responsibility for providing post retirement medical benefits will permanently shift from the Company to the New Plan and New VEBA as described in this MOU. This MOU is subject in its entirety to ratification and necessary approvals as described below. This shall include, inter alia, approval by the SEC of settlement or negative plan amendment accounting, and final court approval of this Memorandum of Understanding ("MOU") and the Final Settlement Documentation acceptable to the parties and Class Counsel, including approval of a non-opt out class.

**1. Definitions**

- a. **Approval Order** shall mean the order to be obtained from the United States District Court for the Eastern District of Michigan, approving in all respects this MOU and the Final Settlement Agreement Documentation, on a class-wide basis, applicable to the Covered Group.
- b. **Cash Flow Projections** shall have the meaning set forth in Appendix A.

- c. **Class Counsel** shall mean counsel retained by named plaintiffs in the Henry Case.
- d. **The Committee** shall mean the governing body that is responsible for the management and operation of the New Plan and New VEBA.
- e. **Company** shall mean General Motors Corporation.
- f. **Covered Group** shall mean: i) all “Class Members” as such term is defined in the settlement agreement in the Henry Case; ii) all “Future Retirees” as such term is defined in the settlement agreement in the Henry Case who are retired as of September 14, 2007; iii) all active UAW-represented employees of the Company who are on roll and have attained seniority as of September 14, 2007, and who retire from the Company with eligibility for Retiree Medical Benefits utilizing the eligibility provisions of the General Motors Health Care Program for Hourly Employees, as applicable to UAW represented Company employees under the Supplemental Agreement Covering Health Care Program of the 2003 GM-UAW National Agreement; iv) all UAW retirees of Delphi who are retired as of September 14, 2007 and entitled to Retiree Medical Benefits from the Company under the terms of Attachment B to the UAW-Delphi-GM Memorandum of Understanding Delphi Restructuring; v) all UAW represented active employees of Delphi or a former Delphi unit as of September 14, 2007, who retire with eligibility for Retiree Medical Benefits from the Company under the terms of Attachment B to the UAW-Delphi-GM Memorandum of Understanding Delphi Restructuring; vi) all UAW retirees of any other closed or divested Company-UAW business unit who are retired as of the date of this MOU to the extent the Company has responsibility for their Retiree Medical Benefits; and vii) all UAW represented active employees of any other closed or divested Company-UAW business unit who retire after the date of this MOU under circumstances where the Company has responsibility for their Retiree Medical Benefits. For purposes of this paragraph, the term active employee shall include employees on vacation, layoff, protected status, medical or other leave of absence, and any other employees who have not broken seniority as of September 14, 2007. The Covered Group shall also include eligible spouses, surviving spouses and dependents of the employees and retirees in the Covered Group, and surviving spouses entitled to Retiree Medical Benefits as a consequence of the death of an employee, who had seniority on or prior to September 14, 2007 and who died prior to retirement while still an employee with seniority, but in all cases only if they otherwise meet applicable health care program eligibility rules for Retiree Medical Benefits. In applying this term, it is the intent of the parties that all Company obligations for Retiree Medical Benefits for UAW represented retirees and employees, including that related to the eligible spouses, surviving spouses and dependents of such UAW represented retirees and employees, shall be terminated and transferred to the New Plan and New VEBA as of the Implementation Date. Under no circumstances can the definition of the

Covered Group be expanded beyond such individuals or additional individuals be allowed to participate in the New Plan or New VEBA.

- g. **Existing External VEBA** shall mean the DC VEBA established for mitigation purposes pursuant to the settlement agreement in the Henry Case.
- h. **Existing Internal VEBA** shall mean the General Motors Welfare Benefit Trust which is funded and maintained by the Company.
- i. **Final Effective Date** shall mean the date on which any appeals from, or other challenges to, the Approval Order have been exhausted or the time periods for filing such appeal(s) or challenge(s) have expired, provided that the Final Effective Date shall be deemed to have occurred only if, at such time, the Approval Order has not been disapproved or modified as a result of any appeal(s) from or other challenge(s) to the Approval Order and the Company has completed, on a basis reasonably satisfactory to the Company, its discussions with the staff of the SEC regarding accounting treatment with respect to the New VEBA and the Company's post-employment retiree health obligation for the Covered Group as set forth in paragraph 24 – Accounting Treatment.
- j. **Final Settlement Documentation** shall mean a detailed settlement agreement, trust agreement, and other necessary documents, consistent in all material respects with this MOU, as agreed to by the UAW, the Company, and Class Counsel and submitted for court approval.
- k. **Implementation Date** shall mean the later of January 1, 2010 or the Final Effective Date.
- l. **Initial Effective Date** shall mean the date on which the U.S. District Court enters the Approval Order.
- m. **New Plan** shall mean the new retiree health care plan funded by the New VEBA and established and maintained by either an independent committee or the joint labor-management committee, as set forth in paragraph 16 - Trust Management, to provide Retiree Medical Benefits for the Covered Group.
- n. **New VEBA** shall mean a new trust fund to be established effective on the Implementation Date pursuant to this MOU and the Final Settlement Documentation. Such trust fund shall be qualified as a Voluntary Employee Beneficiary Association by the Internal Revenue Service under Section 501(c)(9) of the Internal Revenue Code and, if applicable, meet the requirements of Section 302(c)(5) of the Labor Management Relations Act, 29 U.S.C. Section 186(c)(5).

- o. **Retiree Medical Benefits** shall mean all post retirement medical benefits, including but not limited to HSM, prescription drug, vision, dental and the \$76.20 Special Benefit related to Medicare.
- p. **Shortfall Amount Contribution** shall mean the contribution amount, if any, defined in section 11 - Shortfall Amount Contributions of this MOU.

### **Coverage and Benefits**

**2. Coverage.** Under this MOU and the Final Settlement Documentation the New Plan and the New VEBA will, as of the Implementation Date, assume responsibility for all Retiree Medical Benefits for which the Company would have formerly been responsible with regard to the Covered Group. The medical benefit coverages for active employees prior to their retirement are not within the scope of this MOU and will continue to be provided in accordance with the terms of the applicable collective bargaining agreement and health care benefit plan. Similarly, Retiree Medical Benefits for UAW-represented employees of the Company who become seniority employees after September 14, 2007 are outside the scope of this MOU and such benefits, if any, will be provided in accordance with the applicable provisions of the 2007 or a subsequent GM-UAW National Agreement.

**3. Benefits for the Covered Group.** Retiree Medical Benefits for the Covered Group will be provided as follows: (i) Retiree Medical Benefits will continue to be provided through the Implementation Date under the General Motors Health Care Program for Hourly Employees at the same scope and level set forth in the settlement agreement in the Henry Case, including Mitigation (for those entitled to it) by the Existing External VEBA; (ii) from the Implementation Date through December 31, 2015, Retiree Medical Benefits will continue to be provided at the scope and level set forth in the settlement agreement in the Henry Case but shall be provided through the New Plan and the New VEBA; and (iii) commencing January 1, 2016, Retiree Medical Benefits will continue to be provided through the New Plan and New VEBA at the scope and level set forth in the settlement agreement in the Henry Case, except that the Escalation (as defined in the settlement agreement in the Henry Case) will be 4%. Provided that as to both (ii) and (iii) the Committee will have the authority provided for in the Trust Agreement as set forth in paragraph 17 – Trust Agreement.

**4. Implementation of New VEBA and Benefits Upon the Implementation Date.** The New VEBA shall be solely responsible for providing Retiree Medical Benefits to the Covered Group beginning with claims incurred on or after the Implementation Date. In this regard, the Approval Order shall provide that on the Implementation Date the New VEBA shall assume all the responsibilities and liabilities of the Company and any Company benefit plan associated with the provision of Retiree Medical Benefits for the Covered Group for claims incurred on or after the Implementation Date and all the responsibilities and liabilities of the Existing External VEBA on such date. The parties agree that the provisions of the General Motors Health Care Program for Hourly Employees in any way related to Retiree Medical Benefits for the Covered Group and all

applicable collective bargaining agreements, letters and understandings in any way related to Retiree Medical Benefits for the Covered Group will be amended to terminate effective on the Implementation Date. No Retiree Medical Benefits or payments related to claims incurred after the Implementation Date will be provided by the Company or a Company benefit plan to the Covered Group after the Implementation Date. The General Motors Health Care Program for Hourly Employees will remain responsible for claims incurred prior to the Implementation Date and the payment of such claims will not reduce the Company's funding obligations regarding the New VEBA under this MOU.

### **Payments to the New VEBA and Certain Other Financial Items**

**5. Separate Bookkeeping Within Existing Internal VEBA.** Effective January 1, 2008 for bookkeeping purposes only, the Company will cause the Existing Internal VEBA to be divided into two bookkeeping accounts. One account will consist of the percentage of the Existing Internal VEBA's assets as of January 1, 2008 equal to the percentage of GM's hourly OPEB liability that is not attributable to UAW associated employees and retirees, their eligible spouses, surviving spouses and dependents (the "Non-UAW Related Account"). The second account will consist of the remaining assets as of January 1, 2008 (the "UAW Related Account"). Investment returns on and after January 1, 2008 will be applied to the bookkeeping accounts proportionally in relation to the value the assets in the UAW Related Account have to all the assets in the Existing Internal VEBA. All the assets in the Existing Internal VEBA (both in the Non-UAW Related Account and the UAW Related Account) shall be invested by the Company in the same manner as it has historically invested the assets of the Existing Internal VEBA. During the period beginning January 1, 2008 and ending on the Final Effective Date no amounts from the UAW Related Account, including its asset returns, will be disbursed from the Existing Internal VEBA. If the Final Effective Date occurs, the Company will cause the assets in the UAW Related Account on the date of the transfer to be transferred from the Existing Internal VEBA to the New VEBA as provided in paragraph 9 - Sequencing of Initial Payments to the New VEBA. The Company can elect to transfer cash in lieu of some or all of the investments in the Existing Internal VEBA, including an amount equivalent to accrued and unpaid interest and dividends net of reasonable liquidation costs.

**6. Temporary Asset Account.** On January 1, 2008, or as soon as reasonably practicable thereafter, the Company shall establish a Temporary Asset Account ("TAA") to be held by the Company or a wholly owned subsidiary thereof, and shall deposit to the TAA a contingent cash payment in an amount equal to the difference between \$18.5 billion and the value of the UAW Related Account on January 1, 2008, plus interest on the amount of the contingent cash payment at 9% for the period from January 1, 2008 to the date of deposit. The \$18.5 billion includes \$2.5 billion which represents the present value of the COLA adjustments (\$1 billion) and the UAW's decision to forego a 2009 wage increase (\$1.5 billion) as referred to in sub-paragraphs 10.c and 10.b - Wage Deferral of this MOU. The Approval Order and the Final Settlement Documentation shall provide that, on the Initial Effective Date, or as soon as reasonably practicable thereafter, the Company will deposit in the TAA: (i) an amount representing the \$3.8 billion on a