

ATTN: 2008 SAP Option 1 Retirees less than age 55 at the end of the year they retired

Re: Reimbursement Process for 10% Federal Early Withdrawal Tax Penalty.

An agreement was made between General Motors and the Union as part of the implementation of the 2008 Special Attrition Program to reimburse hourly employees who retired under Option1 of the program and were impacted by the Federal 10% Early Withdrawal Tax Penalty for the 2008 tax year. Identified employees in this group were under age 55 at the end of the year in which they retired and also elected to receive the incentive payment of \$45,000 for production employees or \$62,500 for skilled trades employees as a cash lump sum.

The process for retirees to obtain the reimbursement of this tax penalty is as follows:

1. Letters will be mailed to the address of record to those retirees identified as meeting the criteria above (under age 55 at end of the year they retire and received incentive lump sum payment as cash). These letters will be mailed beginning the week of March 30, 2009.
2. The letter contains instructions for submitting required proof of filing their Federal income taxes and paying the 10% penalty.
3. The retiree must mail the required documentation to the address specified in the letter by the deadline date of June 30, 2009.
4. Reimbursement payments will be made on a weekly batch basis depending on the number of responses received each week.

If a retiree fails to return the required documentation by the cutoff date of **June 30, 2009**, they will not receive a reimbursement payment.

Please note that if the retiree currently has an outstanding benefit overpayment, GM will recover all or a portion of that overpayment from this reimbursement checks. If there are any monies remaining after the overpayment is recovered, they will receive the balance.

Please follow the step-by-step process when you receive this correspondence in the mail. Also, please allow 14 days from March 30th to receive your letter in the mail.

To follow is a sample of the letter that you should be receiving in the mail within the next three weeks.

GM Benefit Reps.

SAMPLE LETTER

March 30, 2009

Dear:

You have been identified as a General Motors Hourly Retiree who received a lump sum payment paid from the GM Hourly-Rate Employees Pension Plan by participating under Option 1 of the 2008 Special Attrition Program. This lump sum payment was in the amount of \$45,000 if you were a production employee or \$62,500 if you were a skilled trades employee.

It has also been determined that you were under 55 years of age at the end of the year in which you retired. As a result, under Federal tax laws, you are subject to a 10% Early Withdrawal Penalty on this lump sum payment. This applies to those employees who retired 10/1/07 through 12/31/07 as well as those who retired in 2008. This tax penalty will have to be reflected on your 2008 Federal income tax return.

An agreement was made between General Motors and the Union as part of the implementation of the 2008 Special Attrition Program to reimburse retirees who are impacted by this 10% Early Withdrawal Penalty. In order to receive this reimbursement, you must follow the instructions below:

1. You must file and report this lump sum payment and the 10% Early Withdrawal penalty on your 2008 IRS Form 1040 (you cannot use IRS Form 1040A)

2. After filing your 2008 Form 1040, you will need to submit a copy of the Form 1040 pages that show your identifying information as well as the sections that reflect the 10% penalty payment. Specifically, you should submit Form 1040, page 1 and 2 and Form 5329 (if filed).

3. You must mail the required copies of your income tax return to the following address:

General Motors Corporation
300 Renaissance Center
P.O. Box 300
Mail Code 482-C26-A68
Detroit, MI 48265-3000
Attn: C. Jordan

4. It is recommended that you mail the forms "certified mail" in order to receive confirmation that the forms were received by the Corporation.

You will have until June 30, 2009 to submit the required forms in order to receive your reimbursement. Failure to return the required documentation by the due date will disqualify you for this reimbursement. Please note that if you currently have an outstanding benefit overpayment, we will recover all or a portion of that overpayment from this reimbursement check. If there are any monies remaining after the overpayment is recovered, you will receive the balance.

General Motors Corporation