

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN**

| | | |
|--|------------------|---|
| IN RE GENERAL MOTORS ERISA LITIGATION | : : : : | Civil Action No. 05-71085 Honorable Nancy G. Edmunds |
|--|------------------|---|

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: All persons who were participants in or beneficiaries of the General Motors Personal Savings Plan for Hourly Rate Employees or the General Motors Savings-Stock Purchase Program for Salaried Employees (collectively, the "Plans") at any time between March 18, 1999 and May 26, 2006, inclusive (the "Class Period"), who bring claims for breach of fiduciary and co-fiduciary duty under ERISA, excluding Defendants and their heirs, successors in interest, and assigns.

**If you fall within this group of persons, you are a
"Settlement Class Member."**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY

WHY SHOULD I READ THIS NOTICE?

This Notice is given pursuant to orders issued by the United States District Court for the Eastern District of Michigan (the "Court"). This Notice serves to inform you of the proposed settlement of this class action lawsuit (the "Settlement") and the hearing (the "Fairness Hearing") to be held by the Court to consider the fairness, reasonableness and adequacy of the Settlement as set forth in the Settlement Agreement among the Named Plaintiffs and General Motors Corporation (the "Company"), The Investment Funds Committee of the General Motors Board of Directors, E. Stanley O'Neal, Armando Codina, Kent Kresa, Eckhard Pfeiffer, Phillip A. Laskawy, Percy N. Barnevik, Nobuyuki Idei, John F. Smith, Jr., George M.C. Fisher, Willard Marriott, Jr., Ellen J. Kullman, Richard Wagoner, Jr., General Motors Investment Management Corporation ("GMIMCo"), Jean Rose, Cindy Gier, Paul Gonzales, Terry Lee, Jenny Machak, Robert Moroni and Michael Morris (collectively, the "Defendants"), dated as of December 17, 2007 (the "Agreement"), on file with the Court. This Notice is intended to inform you how this lawsuit and proposed Settlement may affect your rights and what steps you may take in relation to it. This Notice is not an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the lawsuit.

HOW DO I KNOW IF I AM A SETTLEMENT CLASS MEMBER?

If you were a participant (or are the beneficiary of someone who was a participant) in the General Motors Personal Savings Plans for Hourly Rate Employees or the General Motors Savings-Stock Purchase Program for Salaried Employees (collective, the "Plans") who held an interest in GM Stock in a Plan account at any time between March 18, 1999 and May 26, 2006, inclusive (the "Class Period"), and are not a Defendant (or the heir, successor in interest or assign of a Defendant), you are a Settlement Class Member. If you were not a participant (or are the beneficiary of someone who was not a participant) in either of the Plans during the Class Period, or if you were a participant (or are the beneficiary of someone who was a participant) in one or both of the Plans during the Class Period who did not hold GM Stock in a Plan account during the Class Period, or if you are a Defendant, or an heir, successor in interest, or assign of a Defendant, you are not a Settlement Class Member.

WHAT IS THE MONETARY VALUE OF THE PROPOSED PARTIAL SETTLEMENT?

The Settlement, if approved, would result in the creation of a cash settlement fund in the amount of \$37.5 million (the "Settlement Fund") which, subject to deduction for the costs of Notice, Service Awards of up to \$4,000 for each of the six Named Plaintiffs in recognition of the benefits each has generated for the Settlement Class by coming forward and devoting time and knowledge to the prosecution of this case, and attorneys' fees and expenses as approved by the Court, will be distributed to Settlement Class Members pursuant to the Plan of Allocation, which is described in the next section of this Notice.

WHAT IS THE PROPOSED PLAN OF ALLOCATION?

The cost of this Notice and any Court-approved costs and attorneys' fees and Named Plaintiffs' Service Awards will be deducted from the Settlement Fund. The remainder of the Settlement Fund will be paid to Settlement Class Members in accordance with a Plan of Allocation designed to distribute the Settlement Fund to Class Members roughly in proportion to any decline in the value of their investments in GM Stock in the Plans during the Class Period. A copy of the Plan of Allocation may be obtained at no charge by contacting Class Counsel at the addresses provided below, or downloaded from the Settlement website at GMERISACLASSACTION.COM.

DO I NEED TO CONTACT CLASS COUNSEL IN ORDER TO PARTICIPATE IN ANY FUTURE DISTRIBUTION OF THE SETTLEMENT FUND?

No. If you have received this Notice by mail delivery to your correct address, that means that your name and address are properly maintained in the Plans' database. ***If you did not receive this Notice but believe you should have, or if your address changes, please advise Class Counsel at the address listed below.***

WHAT OTHER BENEFITS WILL THE CLASS OBTAIN IF THE SETTLEMENT IS APPROVED?

In addition to the Settlement Fund, the Settlement also provides for significant additional benefits for Settlement Class Members. In particular, pursuant to this Settlement, the Company has agreed that: (1) it will retain an independent fiduciary to continually monitor the prudence of offering the GM Stock as an investment in the Plans; (2) no participant in the Plans will be

required to hold any GM Stock in their Plan accounts for any period of time; (3) the Company will maintain upgraded communications to Plan participants; (4) the Company will make available to all Settlement Class Members free of charge the use of a Savings Plan portfolio tool for a period of one year that will enable Settlement Class Members to model various retirement scenarios based upon the investment risk profile they select; and (5) the Company will make available to all Settlement Class Members one year of participation in the “Money in Motion” financial advisory program from the Ayco Company at a reduced cost of \$30.

WHAT ARE THE REASONS FOR SETTLEMENT?

Class Counsel believe that this Settlement is fair and reasonable to the Members of the Settlement Class. They have reached this conclusion for several reasons. *First*, if the Settlement is approved, the Settlement Class will receive a significant monetary recovery. *Second*, the Settlement Class will receive the benefits outlined in the previous section which have substantial value as they will allow all Settlement Class Members to receive financial planning services and will provide significant protections for Plan participants going forward. Finally, Class Counsel believe that the significant and immediate benefits of the proposed Settlement are an excellent result for the Class – especially given the uncertain state of the case law under ERISA, which governs Plaintiffs’ claims in this case.

WHAT IS THIS LAWSUIT ABOUT?

A. The Allegations.

In this lawsuit, Plaintiffs allege that Defendants breached their fiduciary duties under the Employee Retirement Income Security Act (“ERISA”) by continuing to offer Plan investments in GM stock, when, according to Plaintiffs, GM stock was no longer a prudent investment. Plaintiffs further allege that Defendants’ failure to diversify the Plans’ investments harmed the Plans and the participants in the Plans because of the decline in value of GM stock during the Class Period. Finally, Plaintiffs allege that Defendants failed to adequately apprise the Plans’ participants of material and adverse information concerning the state of the Company’s financial condition during the Class Period. Defendants deny Plaintiffs’ allegations, and have vigorously defended the litigation.

The Court has not ruled as to whether the Defendants are liable to Plaintiffs or to the Class. This Notice is not intended to be an expression of any opinion by the Court with respect to the truth of the allegations in this lawsuit or the merits of the claims or defenses asserted. This Notice is solely to advise you of the pendency of the action and proposed Settlement thereof and your rights in connection with that Settlement.

B. Status of the Case.

This litigation originally consisted of a series of cases filed in March of 2005. Shortly thereafter, the Court consolidated those cases and appointed lead counsel for Plaintiffs. In April of 2006, the Court granted in part and denied in part various motions to dismiss that the Defendants had filed, but only dismissed the trustee of the Plans, who is not a party to the proposed Settlement. In February of 2007, Plaintiffs filed their motion for Class certification, but the Court had not ruled on that motion as of the time this proposed Settlement was reached. In August of 2007, the Court denied in part and granted in part a second motion to dismiss, dismissing only one Defendant, GMIMCo, who is a party to this Settlement. Through Discovery in this case, Plaintiffs obtained and reviewed nearly one million pages of documents.

WHO REPRESENTS THE SETTLEMENT CLASS?

The following attorneys are Class Counsel:

David R. Scott
SCOTT + SCOTT, LLP
108 Norwich Avenue
P.O. Box 192
Colchester, CT 06415
Phone: (860) 537-5537
Email: drscott@scott-scott.com

Andrew M. Volk
HAGENS BERMAN SOBOL
SHAPIRO LLP
1301 Fifth Avenue, Suite 2900
Seattle, WA 98101
Phone: (206) 623-7292
Email: Andrew@hbsslaw.com

- and -

Geoffrey M. Johnson
SCOTT + SCOTT, LLP
12434 Cedar Road
Cleveland Heights, OH 44106
Phone: (216) 229-6088
Fax: (216) 229-6092
Email: gjohnson@scott-scott.com

The following individuals are the Named Plaintiffs and Class Representatives:

Al Balnius,
Jerry L. Canter
Michael Birmingham
Bryan Moore
Jerry Don Fowle
William LaPrad

If you have any questions, you are entitled to consult with Class Counsel by contacting them at the phone numbers or email addresses listed above.

You may obtain a copy of the Settlement Agreement by contacting Class Counsel at the telephone number or email address listed above, *or* you may download a copy from the Settlement website, GMERISACLASSACTION.COM.

CAN I CHOOSE TO EXCLUDE MYSELF FROM THE CLASS?

No. If you meet the description of a member of the Class, you are a member of the Class. There is no right to opt-out. You will be bound by the outcome of this litigation, whether favorable or unfavorable to the Class. If this Settlement is approved, you will be bound by it.

HOW WILL THE LAWYERS AND NAMED PLAINTIFFS BE PAID?

On or before May 21, 2008, Class Counsel will file a motion for the award of attorneys' fees and expenses for Class Counsel. The motion will be considered at the Fairness Hearing. Class Counsel will limit their application for an award of attorneys' fees to not more than 30% of the Settlement Fund, plus reimbursement of expenses incurred in connection with the Action.

The Named Plaintiffs will share in the allocation of money paid to the Plans on the same basis and to the same extent as all other members of the Settlement Class, except that, in addition, the Named Plaintiffs may each apply to the Court for compensation of up to \$4,000 in recognition of the benefits each has generated for the Settlement Class by coming forward and devoting time and knowledge to the prosecution of this case. Any compensation awarded to the Named Plaintiffs by the Court will be payable from the Settlement Fund.

CAN I OBJECT TO THE PROPOSED SETTLEMENT, THE REQUESTED ATTORNEYS' FEES, THE REQUESTED SERVICE AWARDS FOR NAMED PLAINTIFFS AND/OR THE PLAN OF ALLOCATION?

Yes. If you are a Settlement Class Member, you may object to the terms of the Settlement and urge that the Court not approve the Settlement. Whether or not you object to the terms of the Settlement, you may also object to the requested attorneys' fees and expenses, the requested Service Awards for the Named Plaintiffs, and/or The Plan of Allocation. In order for any objection to be considered, you *must* file a written statement with the Court, Class Counsel and Settling Defendants' counsel at the addresses listed herein by May 16, 2008.

WHAT ARE MY RIGHTS AND OBLIGATIONS UNDER THE PARTIAL SETTLEMENT?

If you are a Settlement Class Member, you may receive the benefit of, and you will be bound by, the terms of the proposed Settlement described in this Notice, upon approval by the Court.

If You Change Your Address, Or If This Notice Was Not Mailed To Your Correct Address, You Should Immediately Send Notice In Writing Of Your Correct Address To: GM ERISA Litigation, c/o Rust Consulting, P.O. Box 9478, Minneapolis, MN 55440-9478, or call toll-free at 1-877-625-9452.

WHAT CLAIMS WILL BE RELEASED BY THE PARTIAL SETTLEMENT?

If the proposed Settlement is approved by the Court, the Court will enter a Judgment that will permanently dismiss this litigation against the Settling Defendants. In addition, on the day the Judgment becomes effective, all Settlement Class Members, on behalf of themselves, their successors and assigns, shall be deemed to have fully, finally and forever released, relinquished and discharged all claims (whether known or unknown) of any nature whatsoever that they had or may have against the Settling Defendants or their insurer based on, arising out of, or related to any shares of GM stock held in either of the Plans. At the same time, all Settlement Class Members shall be permanently barred and enjoined from instituting, commencing or prosecuting any such claim against the Settling Defendants or their insurer. This Settlement does not release or otherwise compromise any claims by any persons in *In re General Motors Corp. Securities & Derivative Litigation* currently pending in the Eastern District of Michigan or any claims in connection with *Young v. General Motors Investment Management Corporation*, and *Brewer v. General Motors Investment Management Corporation*, both currently pending in the Southern District of New York.

THE FAIRNESS HEARING

A hearing (the "Fairness Hearing") will be held on June 5, 2008, at 1:30 p.m., before the Honorable Nancy G. Edmunds, United States District Court Judge, at the United States District Court for the Eastern District of Michigan, Theodore Levin U.S. Courthouse, 231 W. Lafayette Blvd., Detroit, Michigan 48226, for the purpose of determining (a) whether the proposed Settlement as set forth in the Agreement is fair, reasonable and adequate and should be approved by the Court; (b) whether the Named Plaintiffs will receive Service Awards in an amount not to exceed \$4,000 each; (c) whether Class Counsel should receive an award in fees and costs, and the amount of any such award; (d) whether the Proposed Plan of Allocation should be approved by the Court; and (e) whether an Order of Final Judgment and Dismissal should be entered.

Any Settlement Class Member may appear at the Fairness Hearing and be heard on any of the foregoing matters; provided, however, that no such person shall be heard unless his, her or its objection is made in writing and is filed, together with proof of membership in the Settlement Class and with copies of all other papers and briefs to be submitted by him, her or it to the Court at the Fairness Hearing, with the Court no later than May 16, 2008, and showing due proof of service on Class Counsel:

Andrew M. Volk
HAGENS BERMAN SOBOL SHAPIRO LLP
1301 Fifth Avenue, Suite 2900
Seattle, WA 98101

and upon the following counsel for the Defendants:

Robert J. Kopecky
Timothy A. Duffy
KIRKLAND & ELLIS LLP
200 East Randolph Drive
Chicago, IL 60601

Unless otherwise directed by the Court, any Settlement Class Member who does not make his, her or its objection in the manner provided shall be deemed to have waived all objections to this Settlement.

HOW DO I OBTAIN ADDITIONAL INFORMATION?

This Notice contains only a summary of the terms of the proposed Settlement. The records in this litigation may be examined and copied at any time during regular office hours, and subject to customary copying fees, at the Clerk of the Court, United States District Court, Eastern District of Michigan. In addition, Settlement Documents may be downloaded from the website GMERISACLASSACTION.COM. If you have any questions concerning the matters contained in this Notice, you may call Class Counsel, toll-free, or send an email to Class Counsel at the address provided above. **DO NOT WRITE TO OR TELEPHONE THE COURT, DEFENDANTS OR DEFENDANTS' ATTORNEYS FOR INFORMATION.**

UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF MICHIGAN
JUDGE NANCY G. EDMUNDS