

the funding under the deferred group annuity was changed to a deposit administration contract with immediate participation guarantee. It remains in effect but no additional funds have been deposited in the contract since 1985.

(b) Metropolitan coordinates the transfer of all insured after-tax employee contributions to the Plans' trustee for distribution upon a Plan participant's retirement.

(c) Since 1988, Metropolitan has served as recordkeeper under the Saturn Individual Retirement Plan for Represented Team Members and, upon request, provides annuities with respect to employee contributions under the Saturn Personal Choices Retirement Plan for Non-Represented Team Members.

GM represents that neither Metropolitan nor any of its affiliates is a fiduciary with respect to any of the Plans' assets which were used to purchase the Interests or any assets to be used to pay the remaining capital contributions with respect to the Interests. Metropolitan represents that it maintains procedures for determining whether a proposed transaction is prohibited under the Act, and that such procedures were inadvertently not utilized in advance of the subject transaction.

6. GM and Metropolitan represent that the transaction was negotiated at arm's length and in good faith upon the mistaken assumption that Metropolitan was not a party in interest with respect to the Plans, and, accordingly, that the parties were unaware that the transaction with First Plaza was prohibited under section 406(a) of the Act. GM represents that the PIC and GMIMCO maintain comprehensive and up-to-date lists of parties in interest with respect to the Plans in order to guard against inadvertent party in interest transactions, and that Metropolitan was reflected in such lists due to its holding and investment of employee after-tax contributions under the Plans under both separate account and general account arrangements. GM maintains that, as with all investments directed by the PIC and GMIMCO, the normal due diligence procedures were followed. GM notes that the investment contracts with Metropolitan were entered into almost 50 years ago and are not administered by the PMI Staff, which effected the purchase of the Interests from Metropolitan. As a result, Metropolitan was not recognized by the PMI Staff as a party in interest, and the PMI staff did not refer to the party in interest list in advance of the transaction. GM also notes that the current party in interest list indicates

1,375 entities which are parties in interest with respect to the Plans. GM represents that the staffs and attorneys of the PIC and GMIMCO and the PIRT each believed that another responsible party had reviewed the party in interest list as the transaction proceeded.

7. GM represents that the potential purchase of the Interests by First Plaza was an opportunity which was brought to the PMI Staff by the general partner of the Partnership, and not by Metropolitan. GM states that this recommendation was subject to the same thorough investigation and analysis by the PMI Staff as any other private market transaction proposed for the Plans. GM represents that all aspects of the investment analysis, the determination and negotiation of the purchase, and the continued monitoring of the investment have proceeded strictly in accordance with the procedures which the PIC and GMIMCO maintain to ensure that such investments meet the Plans' investment criteria and do not subject the Plans to any unnecessary risk.

8. *Valuation of the Interests:* GM represents that the purchase price paid for the Interests was not in excess of the fair market value of the Interests as of the sale date, as determined by GMIMCO's PMI Staff contemporaneously with the transaction. In this regard, GM represents that the PMI Staff utilized the valuation methodology utilized by GMIMCO in any transaction requiring the calculation of the fair market value of interests in a venture capital fund. GM describes the method of determining the fair market value of the Interests as follows:

The PMI Staff requested and received from the general partner of the Partnership (the General Partner) the most recent statement of the value of Metropolitan's capital account in the Partnership. The PMI Staff adjusted this value by adding all drawdowns to the Partnership by Metropolitan, and subtracting all distributions from the Partnership to Metropolitan, since the date of the statement. Each public company in the Partnership's portfolio was valued using the latest available public market value, and then an appropriate liquidity discount was taken. The specific discount rate applied to each such portfolio company depended on how soon it was then anticipated that its security would be distributed from the Partnership to the limited partners.

The PMI Staff requested and received information from the General Partner regarding the private (i.e. non-publicly-traded) investments in the Partnership.

Using this information and other information which the PMI Staff was able to obtain from other sources, the private investments in the Partnership's portfolio were valued by the PMI Staff. In valuing each such company, the PMI Staff elected to use conservative standards and, in fact, valued some companies at zero, not because that was the actual value, but because there was not enough information available at that time to make a reasonable determination of fair market value. GM represents that such "zero valuation" is standard practice of financial analysis in the venture capital industry.

With respect to the Partnership's holdings of interests in publicly-traded companies and those non-public companies for which significant financial performance information was available, the PMI Staff projected what each company would be worth in the future and then discounted that amount back to the present using an appropriate discount rate. The future projections were based on the PMI Staff's knowledge of each particular company, including projected cash flow of the company, probability of when and if the company would be going public, the company's business plan, the anticipated timing of distribution of a company's securities after the company has gone public or the sale proceeds from the sale of the company to a third party, and information regarding the General Partner.

After determining the discounted values of the portfolio companies and the adjusted book value of the Partnership's limited partnership interests, the PMI Staff entered into negotiations with Metropolitan which resulted in a purchase price which was not more than the PMI Staff's determination of the fair market value of the Interests.

9. GM represents that the process and methodology utilized by the PMI Staff, described above, reflects the venture capital industry standards for evaluation. Specifically, GM states that GMIMCO developed this methodology in consultations with two widely-known sponsors of venture capital funds, Brinson Partners, Inc. (Brinson) and Chancellor Capital Management, Inc., each of which uses the same methodology when purchasing limited partnership interests in the secondary market. Brinson, a registered investment adviser which maintains a fund investing solely in limited partnership interests sold on the secondary market, has reviewed and evaluated the methodology utilized by the PMI Staff in determining the fair market value of the Interests for purposes of First Plaza's