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GENERAL MOTORS CORP
Form 11-K
June 26, 2002

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004
FORM 11-K

X ANNUAL REPORT PURSUANT TO SECTION 15(D) OF THE SECURITIES EXCHANGE

ACT OF 1934

For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 15(D) OF THE SECURITIES EXCHANGE

ACT OF 1934

For the transition period from _____ to _____

Commission file number 2-14960

GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM
FOR SALARIED EMPLOYEES IN THE UNITED STATES

(Full title of the plan)

General Motors Corporation
300 Renaissance Center, Detroit, Michigan 48265-3000

(Name of issuer of the securities held pursuant to
the plan and the address of its principal
executive offices)

Registrant's telephone number, including area code (313)-556-5000

Notices and communications from the Securities and Exchange Commission
relative to this report should be forwarded to:

Peter R. Bible
Chief Accounting Officer
General Motors Corporation
300 Renaissance Center.
Detroit, Michigan 48265-3000

FINANCIAL STATEMENTS AND EXHIBIT

(a) FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES	Page No.

General Motors Savings-Stock Purchase Program for Salaried Employees in the United States:	
Independent Auditors' Report	3
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Statements of Changes in Assets Available for Benefits for the Years Ended December 31, 2001 and 2000	5
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Supplemental schedules are omitted because of the absence of the conditions under which they are required.	
(b) EXHIBIT	

Exhibit 23 - Independent Auditors' Consent	14

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized.

General Motors Savings-Stock
Purchase Program for Salaried
Employees in the United States

(Name of plan)

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Date June 26, 2002

By:

/s/John F. Smith, Jr.

(John F. Smith, Jr., Chairman of
the Board of Directors)

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INDEPENDENT AUDITORS' REPORT

General Motors Savings-Stock Purchase Program
for Salaried Employees in the United States:

We have audited the accompanying statements of assets available for benefits of the General Motors Savings-Stock Purchase Program for Salaried Employees in the United States (the "Program") as of December 31, 2001 and 2000, and the related statements of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a

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reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the assets available for benefits of the Program as of December 31, 2001 and 2000, and the changes in assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Detroit, Michigan
June 14, 2002

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM
FOR SALARIED EMPLOYEES IN THE UNITED STATES

STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2001 AND 2000

	2001	2000
	-----	-----
	(Dollars in Thousands)	
ASSETS:		
Investment in the General Motors Savings Plans Master Trust (Note D)	\$12,627,048	\$13,699,535
	-----	-----
Total assets	12,627,048	13,699,535
	-----	-----
ASSETS AVAILABLE FOR BENEFITS	\$12,627,048	\$13,699,535
	=====	=====

Reference should be made to the Notes to Financial Statements.

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM
FOR SALARIED EMPLOYEES IN THE UNITED STATES

STATEMENTS OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
	-----	-----
	(Dollars in Thousands)	
ADDITIONS-		
Contributions:		
Employer	135,917	157,388
Participants	397,894	414,768
	-----	-----
Total contributions	533,811	572,156
	-----	-----
 Total additions	 533,811	 572,156
DEDUCTIONS:		
Net investment losses from the General Motors Savings Plans Master Trust (Note D)	(790,423)	(1,570,574)
Distributions to participants	(813,071)	(1,190,715)
Net Transfers (Note E)	(2,804)	(1,250)
	-----	-----
Total deductions	(1,606,298)	(2,762,539)
 NET DECREASE	 (1,072,487)	 (2,190,383)
ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	13,699,535	15,889,918
	-----	-----
End of year	\$12,627,048	\$13,699,535
	=====	=====

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Reference should be made to the Notes to Financial Statements.

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM FOR SALARIED EMPLOYEES IN THE UNITED STATES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2001 AND 2000

A. THE PROGRAM

GENERAL - General Motors Corporation (the "Corporation" or "GM") has established the General Motors Savings-Stock Purchase Program for Salaried Employees in the United States (the "Program"), a defined contribution plan. Eligibility is restricted to regular employees of the Corporation who have completed six months of employment and who are compensated fully or partly by salary and/or commission, but who are not represented by a labor organization (unless they are eligible through understandings reached between the Corporation and their collective bargaining representatives). Employees classified as part-time employees, regular employees, temporary assignment, flexible service employees, temporary employees, and cooperative student employees hired prior to January 1, 1999 are eligible to participate in the Program upon the completion of six months of employment. The Investment Funds Committee of the Corporation's Board of Directors acts as the Program fiduciary and, along with various officers, employees, and committees, with authority delegated from the Program fiduciary, controls and manages the operation and administration of the Program subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The following brief description of the Program is provided for general information purposes only. Participants should refer to the Program document and prospectus for a complete description of the Program's provisions.

CONTRIBUTIONS - An eligible participant employed by the Corporation (an "Employee") may elect to contribute to the Program as follows:

- o on an after-tax basis (regular savings), up to 20% of Employee's eligible salary as defined in the Program.
- o on a tax-deferred basis (deferred savings), an amount of eligible salary which is the lesser of (1) \$10,500 for 2001 and 2000 or (2) 20% of the Employee's eligible salary for a calendar year.

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- o in lieu of receiving a distribution from The General Motors Enhanced Variable Pay Plan for Salaried Employees in the United States (the "Variable Pay Plan"), an Employee may elect to have the Corporation contribute, as deferred savings to the extent permissible under tax law, up to 100%, in 10% increments, of any such amount, which vests immediately.
- o in lieu of receiving a flexible compensation payment from the Corporation, an Employee may elect to have the Corporation contribute 100% of the flexible compensation payment as deferred savings until the tax deferral legal limit is reached and then any remaining portion of such payment will be contributed as regular savings to the extent permissible under tax law.

In addition, an Employee also may elect to combine the first two contribution methods disclosed above, provided that the sum of these contributions does not total more than 20% through December 31, 2001 and 40% thereafter of eligible salary for any calendar year. The sum of all four of the above-described methods of contribution may only exceed the above percentages of eligible salary by an amount equal to the payout under the Variable Pay Plan and/or the flexible compensation payment. As defined in the Program document, the Corporation's total matching contribution is limited to 80% of basic savings through February 28, 2001, 60% of basic savings through December 31, 2001 and 20% thereafter. Basic savings as defined by the Program is Employee savings up to 6% of an Employee's eligible salary. The Corporation's matching contribution is invested entirely in the GM \$1-2/3 par value Common Stock Fund and such contributions must remain invested in this fund during the period January through December 31, of the calendar year in which the contributions were made. This period is referred to as the "required retention period".

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM FOR SALARIED EMPLOYEES IN THE UNITED STATES NOTES TO FINANCIAL STATEMENTS - Continued

An Employee hired on or after January 1, 1993 will automatically have a Corporation contribution amount equal to 1% of the Employee's eligible salary credited each pay period to such Employee's account upon attainment of eligibility. This contribution is provided because such Employee will receive different post-retirement benefit treatment from the Corporation than Employees hired prior to January 1, 1993. Such contribution will be credited to the Employee's account whether or not the Employee elects to participate in the Program. This contribution is invested in the GM \$1-2/3 Par Value Common Stock Fund, and such contribution must remain invested in this fund during the required retention period.

VESTING - Assets derived from employee contributions and related Corporation contributions and earnings thereon vest immediately on allocation to the employee's account except for employees with less than five years of credited service for whom Corporation contributions and related earnings vest on January 1 following the calendar year in which such contributions or earnings are credited. Forfeitures are used to offset future employer contributions.

FUND EXCHANGES - Participants may exchange funds between investment options on any business day. This provision does not apply to Employee contributions and Corporation contributions required to be invested in Corporation common stock funds during the required retention period. Employee contributions required to be invested in the Corporation's Common Stock Funds may be

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exchanged only between the Corporation's Common Stock Funds during the required retention period. Corporation contributions may not be exchanged until completion of the required retention period.

PARTICIPANT WITHDRAWALS - A participant may withdraw funds in their account at any time after attaining age 59-1/2. Prior to age 59-1/2, employee deferred savings may only be withdrawn because of termination of employment, death, total and permanent disability, or financial hardship. Prior to receiving a withdrawal for financial hardship, a participant previously must have taken all available asset distributions, withdrawals, and loans under all applicable plans maintained by the Corporation. The amount that may be withdrawn for a financial hardship is limited as defined in the Program. The funds that represent a financial hardship withdrawal must conform to conditions required by the Internal Revenue Service (the "IRS"). A participant who receives a hardship distribution shall have his or her contributions to the Program suspended for a period of 12 months following the distribution as required by law.

INVESTMENT OPTIONS - The Corporation's contributions are invested in the GM \$1-2/3 par value Common Stock Fund. One-half of an Employee's Basic Savings is required to be invested, in 10% increments, in either one or both of the Corporation's Common Stock Funds: (1) GM \$1-2/3 par value Common Stock Fund; or (2) GM Class H, \$0.10 Par Value Common Stock Fund. The remainder of an Employee's contributions will be invested at the Employee's direction, in 10% increments, in any of the following investment options:

o General Motors \$1-2/3 par value Common Stock Fund, o General Motors Class H, \$0.10 Par Value Common Stock Fund o Promark Funds o Mutual Funds

Certain costs of Program administration are paid by the Corporation.

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM FOR SALARIED EMPLOYEES IN THE UNITED STATES NOTES TO FINANCIAL STATEMENTS - Continued

DESCRIPTION OF INVESTMENT OPTIONS:

General Motors Common Stock Funds: \$1-2/3 Par Value and Class H, \$0.10 Par Value - Under these investment options, contributions are invested by the Trustee primarily in the respective General Motors common stock. Each unit represents a proportionate interest in all of the assets of the respective GM Common Stock Funds. The number of units credited to each participant's account within an applicable plan will be determined by the amount of the participant's contributions and the purchase price of a unit in the respective GM Common Stock Fund. The value of each participant's account is determined each business day by the number of units to the participant's credit, multiplied by the current unit value. The return on a participant's investment is based on the value of units, which, in turn, is determined by the market price of the respective GM common stock, the amount of any dividends paid thereon, and by interest earned on short-term investments held by each fund.

Each participant directs the Trustee how to vote common stock shares allocated to his or her account. The Trustee will exercise voting rights with

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respect to those shares for which direction has not been received by the required deadline.

Promark Funds - There are seventeen Promark funds as investment options for participants in the Program. These funds have a variety of investment strategies, and the funds are managed by General Motors Asset Management Corporation (GMAM), a wholly-owned subsidiary of General Motors, and a party-in-interest. GMAM selects and monitors investment advisors for each fund. Participants should refer to the Prospectus for further information about the investment strategy of each fund, and the risks associated with each fund.

The Promark Income Fund invests in investment contracts issued by insurance companies. The issuing companies have agreed to provide this fund with a net fixed or floating contract interest rate that is to be earned over a specified period and payment of principal and interest upon participant initiated withdrawals and/or transfers of assets. The Promark Income Fund also invests in the Promark Income Fund II, which has an identical investment strategy to the Promark Income Fund, and in a short-term fixed income fund (the "Fixed Income Fund") made up of U.S. Government debt obligations and cash.

Assets invested in the Promark funds are expressed in terms of units. The number of units credited to a participant's account within an applicable plan will be determined by the amount of participant's contributions and the current value of each unit in the respective Promark fund. The value of each participant's account is determined each business day by the number of units to the participant's credit, multiplied by the current unit value.

Mutual Funds - This investment option is comprised of many different mutual funds, which are managed by Fidelity Investments, Neuberger Berman Management Inc., and Mellon Equity Associates. Each mutual fund has a different objective and investment strategy. To pursue their objectives, the mutual fund managers invest in a wide variety of investments. Complete information about each mutual fund's objectives and investments is contained in that fund's prospectus.

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM FOR SALARIED EMPLOYEES IN THE UNITED STATES NOTES TO FINANCIAL STATEMENTS - Continued

Other Investments:

EDS Common Stock Fund - Effective June 7, 1996, the net assets of Electronic Data Systems ("EDS") were split-off from the net assets of the Corporation. As a result, the Class E Common Stock Fund was changed to the EDS Common Stock Fund. No new contributions, loan repayments, or exchanges may be made into the EDS Common Stock Fund. Dividends, if any, paid on EDS common stock held by the Plan will be invested in an Income Fund investment option.

Assets held in this fund are expressed in terms of units and not shares of stock. Each unit represents a proportionate interest in all of the assets of this fund. The value of each participant's account is determined each business day by the number of units to the participant's credit, multiplied by the current unit value. The return on a participant's investment is based

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on the value of units, which, in turn, is determined by the market price of EDS common stock and by the interest earned on short-term investments held by the fund.

Delphi Common Stock Fund - On May 28, 1999, GM completed the spin-off of Delphi Automotive Systems (Delphi). In connection with that spin-off, Delphi common stock was distributed to holders of GM \$1-2/3 par value common stock. Such distribution required the addition of the Delphi Common Stock Fund as an investment option. The Delphi Common Stock Fund will remain as an investment option; however, no further contributions or exchanges from any other investment option into the Delphi Common Stock Fund will be permitted.

Assets held in this fund are expressed in terms of units and not shares of stock. Each unit represents a proportionate interest in all of the assets of this fund. The value of each participant's account is determined each business day by the number of units to the participant's credit, multiplied by the current unit value. The return on a participant's investment is based on the value of units, which, in turn, is determined by the market price of Delphi common stock and by the interest earned on short-term investments held by the fund.

Raytheon Class A Common Stock Fund - Effective December 17, 1997, GM spun-off the defense electronics business of Hughes Electronics Corporation, a GM subsidiary (Hughes Defense), to holders of GM \$1-2/3 par value and Class H common stock, which was immediately followed by the merger of Hughes Defense with Raytheon Company. In connection with the above transaction, Raytheon Class A common stock was distributed to holders of GM \$1-2/3 par value and Class H common stocks.

Such distribution required the addition of the Raytheon Class A Common Stock Fund as an investment option. No new contributions or exchanges from any other investment options into the Raytheon Class A Common Stock Fund are permitted. Dividends, if any, paid on Raytheon Class A common stock held by the Program will be invested in an Income Fund investment option prior to allocation to participant's accounts.

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM FOR SALARIED EMPLOYEES IN THE UNITED STATES NOTES TO FINANCIAL STATEMENTS - Continued

Assets held in this fund are expressed in terms of units and not shares of stock. Each unit represents a proportionate interest in all of the assets of this fund. The value of each participant's account is determined each business day by the number of units to the participant's credit, multiplied by the current unit value. The return on a participant's investment is based on the value of units, which, in turn, is determined by the market price of Raytheon Class A common stock and by the interest earned on short-term investments held by the fund.

GM has chosen to invest the General Motors Common Stock Funds, the EDS Common Stock Fund, the Raytheon Class A Common Stock Fund, and the Delphi Common Stock Fund in commingled funds managed by State Street Bank and Trust ("State Street"). State Street is responsible for anticipating liquidity needs and

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maintaining sufficient cash levels to process participant transactions, determining the daily number of shares of each individual common stock to be purchased or sold, and obtaining the best prices for any purchases or sales.

PARTICIPANT LOANS - Participants may borrow once per year from both their tax-deferred and after-tax savings assets (excluding Corporation contributions, and earnings thereon subject to the required retention period). The amount and terms of the loans are limited under the Program. The loan interest rate will be established once each quarter at a rate equal to the prevailing prime lending rate as of the previous quarter and will apply to all new loans issued. Repayment of loans is generally made through after-tax payroll deductions and are invested in the same discretionary investment options that the Participant selected for their savings contributions. Interest paid on the loans is credited back to the borrowing employee's account in the Program. Partial and total prepayment of loans is permitted at any time, without penalty. Loans not repaid within the loan term are deemed to be distributions from participants' accounts.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the accompanying financial statements are as follows:

- o The financial statements of the Program are prepared under accounting principles generally accepted in the United States of America using the accrual method of accounting.
- o Investments are stated at fair value, except for investment contracts, which are stated at contract value. Fair values are calculated by reference to published market quotations, where available; where not available for certain common & collective trusts, various bases, including cost, are used in determining estimates of fair values. Contract value represents contributions made under the investment contracts, plus interest, less withdrawals and administrative expenses charged by the issuer of the contract.
- o Security transactions are recorded on the trade date.
- o Investment income is recognized as earned based on the terms of the investments and the periods during which the investments are owned by the Program.

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM FOR SALARIED EMPLOYEES IN THE UNITED STATES NOTES TO FINANCIAL STATEMENTS - Continued

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates. The Program utilizes various investment instruments including U.S. Government Securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated

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with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

C. INVESTMENTS

All of the investments in the Program are held in the General Motors Savings Plans Master Trust (the "Master Trust") as more fully described in Note D. The investment in the Master Trust is both participant-directed and nonparticipant-directed.

The average yield on investment contracts owned by the Program and held in the Master Trust for the years ended December 31, 2001 and 2000 was 5.0% and 6.0%, respectively. The fair value of investment contracts owned by the Program and held in the Master Trust exceeded contract value by approximately (\$5.6) million and \$30 million at December 31, 2001 and 2000, respectively. The weighted average crediting interest rate for the contracts was 5.5% and 5.7% at December 31, 2001 and 2000, respectively.

D. THE MASTER TRUST

The Corporation established the Master Trust pursuant to a trust agreement among the Corporation, Saturn Corporation, and State Street, as trustee of the funds, in order to permit the commingling of trust assets of several employee benefit plans for investment and administrative purposes. The assets of the Master Trust are held by State Street.

Employee benefit plans participating in the Master Trust as of December 31, 2001 include the following:

- o General Motors Savings-Stock Purchase Program for Salaried Employees in the United States
- o General Motors Personal Savings Plan for Hourly-Rate Employees in the United States
- o Saturn Individual Savings Plan for Represented Members
- o General Motors Income Security Plan for Hourly-Rate Employees

Each participating employee benefit plan has an undivided interest in the net assets and changes therein of each of the master trust investment funds in which the respective plan participates.

The net investment income of the commingled Master Trust investment funds (the GM Common Stock Funds, the EDS Common Stock Fund, the Raytheon Class A Common Stock Fund, the Delphi Common Stock Fund, and the Promark Funds) is allocated by the trustee to each participating plan based on that plan's interest in each commingled Master Trust investment fund, as compared with the total interest of all the participating plans, in each commingled Master Trust investment fund at the beginning of the month. For all other investment options, the net investment income is separately earned by the respective employee benefit plan, and is thus recorded separately in the accounting records of the respective plan.

As of December 31, 2001 and 2000, the Program had approximately a 62% and 63% interest in the Master Trust, respectively.

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The net assets available for benefits of all participating plans in the Master Trust at December 31, 2001 and 2000 are summarized as follows (dollars in thousands):

ASSETS:	2001	2000
	-----	-----
Investments:		
General Motors Corporation \$1-2/3 par value common stock	\$3,276,889	\$3,262,391
General Motors Corporation Class H \$0.10 par value common stock	641,826	922,176
Electronic Data Systems common stock	213,904	200,687
Delphi Automotive Systems common stock	323,553	295,509
Raytheon Class A common stock	92,154	89,795
	-----	-----
Total Common Stock	4,548,326	4,770,558
Mutual funds	6,360,525	7,683,024
Common and collective trusts	7,244,303	5,204,826
Guaranteed investment contracts	886,307	3,016,469
Loan funds	723,272	760,624
Fixed income fund	447,355	293,279
Other	25,961	26,552
	-----	-----
Total investments	20,236,049	21,755,332
Receivables:		
Accrued investment income	316	786
	-----	-----
Total receivables	316	786
	-----	-----
Total assets	\$20,236,365	\$21,756,118
	=====	=====
 LIABILITIES:		
Due to broker for securities purchased	1,322	794
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$20,235,043	\$21,755,324
	=====	=====

The net investment earnings of all participating plans in the Master Trust for the years ended December 31, 2001 and 2000 are summarized as follows (dollars in thousands):

	2001	2000
	-----	-----
Interest	\$61,216	\$56,125
Dividends	137,147	138,472
Net (depreciation) appreciation in fair value of investments:		
General Motors Corporation \$1-2/3 par value common stock	(103,711)	(1,124,637)
Mutual funds	(1,106,317)	(798,559)
Common and collective trusts	(368,087)	(314,434)
Other	176,067	(144,202)
	-----	-----
Total net depreciation	(1,402,048)	(2,381,832)
	-----	-----
Total investment losses	\$(1,203,685)	\$(2,187,235)

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GENERAL MOTORS SAVINGS-STOCK PURCHASE PROGRAM
FOR SALARIED EMPLOYEES IN THE UNITED STATES
NOTES TO FINANCIAL STATEMENTS - Concluded

E. TRANSFER TO DELPHI

On April 12, 1999, the GM Board of Directors approved the complete separation of Delphi by means of a spin-off, which was completed on May 28, 1999. Prior to the spin-off, GM established the Delphi Savings-Stock Purchase Program (the "Delphi Program"), modeled after the GM Program. On May 28, 1999, for those employees whom elected to do so, assets representing Delphi participants' holdings in the Program were transferred and reinvested under the corresponding investment options in the Delphi Program. As a result of the separation, the Delphi Program was separated from the GM Program, and is now administered by Delphi as a separate plan. During 2000 and 2001 additional participants elected to transfer their holdings between the Delphi and GM Programs resulting in a net transfer out of the GM Program of approximately \$2.8 million.

F. TERMINATION OF THE PLAN

Although it has not expressed any intent to do so, the Corporation has the right to terminate the Program subject to the provisions of ERISA. Such termination of the Program, if any, would not affect a participant's interest in assets already in the Program.

G. FEDERAL INCOME TAXES

By letter dated April 3, 2000, the Internal Revenue Service has determined and informed the Corporation that the Program is a tax-qualified employee benefit plan, meeting the requirements of Sections 401(a), 401(k), and 4975(e)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Trust established thereunder was determined to be exempt from United States Federal income taxes under Section 501(a) of the Code. The Program's fiduciary and tax counsel believe that the Program is designed and currently being operated in compliance with the applicable requirements of the Code, and therefore no provision for income taxes has been included in the Program's financial statements.

H. RELATED PARTY TRANSACTIONS

The Program and Master Trust enter into certain related party transactions. These generally include investments with trustees, fund managers, the Corporation and its subsidiaries. Such transactions are within the scope of the investment guidelines.

I. SUBSEQUENT EVENTS

Effective January 1, 2002, eligible rollover contributions into the Program have been expanded to include distributions from traditional IRAs as well as other retirement plans. Additionally, rollovers may include after-tax

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contributions from other retirement plans, except for traditional IRAs. Also effective January 1, 2002, the annual limit on pre-tax contributions has been increased to \$11,000 and for participants age 50 or over by the end of 2002, the limit is \$12,000 due to the IRS "catch-up" provision.