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GENERAL MOTORS CORP
Form 11-K
June 27, 2003

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, 2002

OR

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

ACT OF 1934

For the transition period from _____ to _____

Commission file number 2-88284

THE GENERAL MOTORS PERSONAL SAVINGS PLAN
FOR HOURLY-RATE 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:

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

- 1 -

FINANCIAL STATEMENTS AND EXHIBIT

(a) FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES Page No.

The General Motors Personal Savings Plan for
Hourly-Rate Employees in the United States:

| | |
|--|---|
| Independent Auditors' Report | 3 |
| Statements of Assets Available for Benefits, as of December 31, 2002 and 2001 | 4 |
| Statements of Changes in Assets Available for Benefits for the Years Ended December 31, 2002 and 2001 | 5 |
| Notes to Financial Statements | 6 |

Supplemental schedules are omitted because of the
absence of the conditions under which they are
required.

(b) EXHIBIT

Exhibit 23 - Independent Auditors' Consent 13

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.

The General Motors Personal
Savings Plan for Hourly-Rate
Employees in the United States

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(Name of Plan)

Date June 26, 2003

By:

/s/G. Richard Wagoner, Jr.

(G. Richard Wagoner, Jr., Chairman
of the Board of Directors)

- 2 -

INDEPENDENT AUDITORS' REPORT

The General Motors Personal Savings Plan
for Hourly-Rate Employees in the United States:

We have audited the accompanying statements of assets available for benefits of The General Motors Personal Savings Plan for Hourly-Rate Employees in the United States (the "Plan") as of December 31, 2002 and 2001, and the related statements of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan'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

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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 reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the assets available for benefits of the Plan as of December 31, 2002 and 2001, 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 5, 2003

- 3 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN
FOR HOURLY-RATE EMPLOYEES IN THE UNITED STATES

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STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2002 AND 2001

| | 2002 | 2001 |
|---|------------------------|-------------|
| | ----- | ----- |
| | (Dollars in Thousands) | |
| ASSETS: | | |
| Investment in the General Motors Savings Plans Master Trust (Note D) | \$6,662,670 | \$7,304,000 |
| | ----- | ----- |
| Total assets | 6,662,670 | 7,304,000 |
| | ----- | ----- |
| ASSETS AVAILABLE FOR BENEFITS | \$6,662,670 | \$7,304,000 |
| | ===== | ===== |

Reference should be made to the Notes to Financial Statements.

- 4 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN
FOR HOURLY-RATE EMPLOYEES IN THE UNITED STATES

STATEMENTS OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

| | 2002 | 2001 |
|--|------------------------|-----------|
| | ----- | ----- |
| | (Dollars in Thousands) | |
| ADDITIONS-- PARTICIPANT CONTRIBUTIONS | 434,857 | 450,221 |
| | ----- | ----- |
| DEDUCTIONS: | | |
| Net investment losses from the General Motors Savings Plans Master Trust (Note D) | (687,414) | (389,134) |
| Distributions to participants | (377,960) | (464,027) |
| Net Transfers (Note E) | (10,813) | (32,199) |
| | ----- | ----- |
| Total deductions | (1,076,187) | (885,360) |
| NET DECREASE | (641,330) | (435,139) |
| ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year | 7,304,000 | 7,739,139 |
| | ----- | ----- |
| End of year | 6,662,670 | 7,304,000 |
| | ===== | ===== |

Reference should be made to the Notes to Financial Statements.

- 5 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN
FOR HOURLY-RATE EMPLOYEES IN THE UNITED STATES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

A. THE PLAN

GENERAL - General Motors Corporation (the "Corporation" or "GM") and certain unions have established The General Motors Personal Savings Plan for Hourly-Rate Employees in the United States (the "Plan"), a defined contribution plan. Generally, eligible hourly-rate full-time and part-time employees may participate and accumulate savings under the Plan on the first day of the first pay period following the attainment of seniority, as defined in the Plan. The Investment Funds Committee of the Corporation's Board of Directors acts as the Plan fiduciary and, along with various officers, employees, and committees, with authority delegated from the Plan fiduciary, controls and manages the operation and administration of the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The following brief description of the Plan is provided for general informational purposes only. Participants should refer to the Plan document and prospectus for a complete description of the Plan's provisions.

PARTICIPANT CONTRIBUTIONS - An eligible participant employed by the Corporation (an "Eligible Employee") may elect to make pre-tax contributions, in 1% increments, up to 40% and 25% for 2002 and 2001, respectively, of eligible weekly earnings up to the maximum IRS 401(k) limit of \$11,000 and \$10,500 in 2002 and 2001 respectively. In addition, an Eligible Employee may elect to contribute, in 1% increments, up to 100% of his or her profit sharing distribution from the General Motors Profit Sharing Plan for Hourly-Rate Employees in the United States to his or her account in the Plan. Profit sharing amounts contributed to the Plan on behalf of an Eligible Employee are invested in the same investment option(s) as selected by the participant for weekly contributions to the Plan. Employee contributions vest immediately. An Eligible Employee may also contribute to the Plan on an after-tax basis, or a combination of a pre-tax and an after-tax basis up to 40% and 25% for 2002 and 2001, respectively, of weekly earnings as defined in the Plan.

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An Eligible Employee age 50 or older or who will attain age 50 by the end of the calendar year, is eligible to make catch-up contributions to their account. A catch-up contribution is a separate contribution election, that is "pre-tax" only, and is made only after the participant's contributions have been limited by the annual 401K contribution limit.

EMPLOYER CONTRIBUTIONS - For certain employees hired on or after January 1, 1994, the Corporation contributes an amount equal to a certain percent (based on local units competitive hire agreements) of eligible weekly earnings to such participants' accounts in the form of the Corporation's \$1-2/3 par value common stock. Such participants must be in the Plan for at least three years to be vested in assets acquired with employer contributions, at which time such assets may be transferred by the participant to other available investment options. Forfeitures, if any, are used to offset future employer contributions.

FUND EXCHANGES - Generally, each participant is entitled on any business day on which the New York Stock Exchange is open ("Business Day") to exchange a specified portion or all of his or her interest in any of the investment options to other options offered under the Plan.

- 6 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN FOR HOURLY-RATE EMPLOYEES IN THE UNITED STATES NOTES TO FINANCIAL STATEMENTS - Continued

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 after-tax savings may be withdrawn at any time, however, tax deferred savings may only be withdrawn because of termination of employment, retirement, 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 Plan. The funds that represent a hardship distribution 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 Plan suspended for 12 months following the distribution.

Certain costs of Plan administration are paid by the Corporation.

INVESTMENT OPTIONS - The participants must direct, in 10% increments, how their contributions are to be invested. A description of each investment option offered under the Plan follows:

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 Fund. 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

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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 not exercise voting rights with 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 Plan. These funds have a variety of investment strategies, and the funds are managed by General Motors Trust Company (GMTC), a wholly-owned subsidiary of General Motors Corporation, and a party-in-interest. GMTC selects and monitors investment advisors for each fund. Participants should refer to the Plan's prospectus for further information regarding the investment strategy of each investment fund option and the risks associated with each investment fund option.

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 managed by Fidelity Investments, Neuberger Berman Management Inc., Domini Social Investments LLC and SSgA Funds Management, Inc. 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.

- 7 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN FOR HOURLY-RATE 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 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.

Raytheon Class A Common Stock Fund - Effective December 17, 1997, GM spun-off

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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. The Raytheon Class A Common Stock Fund was an investment option through December 31, 2002. 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 Plan will be invested in an Income Fund investment option prior to allocation to participant's accounts.

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 the Raytheon Class A 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 Corporation (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 during that time.

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.

- 8 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN FOR HOURLY-RATE EMPLOYEES IN THE UNITED STATES NOTES TO FINANCIAL STATEMENTS - Continued

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 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 - Once each year, eligible participants may borrow from

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their plan accounts. The amount and term of the loans are limited under the Plan. The loan interest rate will be established once each quarter at a rate equal to the prevailing prime lending rate as of the last Business Day of the previous quarter. Interest paid on the loans is credited back to the borrowing participant's account in the Plan. Loans not repaid within the provisions of the Plan are deemed to be distributions from participants' accounts. Balances of participant loans were \$405,991,149 and \$419,050,319 for 2002 and 2001, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- oThe financial statements of the Plan are prepared under accounting principles generally accepted in the United States of America using the accrual method of accounting.

- oInvestments 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 or administrative expenses charged by the issuer of the contract.

- oSecurity transactions are recorded on the trade date.

- oInvestment income is recognized as earned based on the terms of the investments and the periods during which the investments are owned by the Plan.

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 Plan 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 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.

- 9 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN
FOR HOURLY-RATE EMPLOYEES IN THE UNITED STATES
NOTES TO FINANCIAL STATEMENTS - Continued

C. INVESTMENTS

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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 non-participant directed.

The guaranteed investment contracts ("contracts") owned by the Plan and held in the Master Trust matured during 2002 and no additional contracts were purchased during 2002. The average annualized yield on the contracts for the period held during 2002 and for the year ended December 31, 2001 was 6.41% and 3.7%, respectively. The fair value of the contracts owned by the Plan and held in the Master trust as of December 31, 2001 approximated contract value. The weighted average of the annualized crediting interest rate for the contracts for the period held during 2002 and for the year ended December 31, 2001 was 6.37% and 6.4%, respectively.

D. THE MASTER TRUST

The Corporation established the Master Trust pursuant to a trust agreement among the Corporation, Saturn Corporation, and State Street Bank and Trust, 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, 2002 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 options 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 in each commingled Master Trust investment fund of all the participating plans 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, 2002 and 2001, the Plan had approximately a 38% and 36% interest in the Master Trust, respectively.

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- 10 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN
FOR HOURLY-RATE EMPLOYEES IN THE UNITED STATES
NOTES TO FINANCIAL STATEMENTS - Continued

The net assets available for benefits of all participating plans in the Master Trust at December 31, 2002 and 2001 are summarized as follows (dollars in thousands):

| ASSETS: | 2002 | 2001 |
|--|-------------|-------------|
| | ----- | ----- |
| Investments: | | |
| General Motors Corporation \$1-2/3 par value common stock | \$2,799,227 | \$3,276,889 |
| General Motors Corporation Class H \$0.10 par value common stock | 444,377 | 641,826 |
| Electronic Data Systems common stock | 52,182 | 213,904 |
| Delphi Corporation common stock | 172,688 | 323,553 |
| Raytheon Class A common stock | 79,089 | 92,154 |
| | ----- | ----- |
| Total Common Stock | 3,547,563 | 4,548,326 |
| Mutual funds | 4,954,961 | 6,360,525 |
| Common and collective trusts | 8,336,148 | 7,244,303 |
| Guaranteed investment contracts | 0 | 886,307 |
| Loan funds | 681,457 | 723,272 |
| Fixed income fund | 0 | 447,355 |
| Other | 40 | 25,961 |
| | ----- | ----- |
| Total investments | 17,520,169 | 20,236,049 |
| Receivables: | | |
| Accrued investment income | 25 | 316 |
| | ----- | ----- |
| Total receivables | 25 | 316 |
| | ----- | ----- |
| Total assets | 17,520,194 | 20,236,365 |
| | ===== | ===== |
| LIABILITIES: | | |
| Due to broker for securities purchased | 1,331 | 1,322 |
| | ----- | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS | 17,518,863 | 20,235,043 |
| | ===== | ===== |

The total investment earnings of all participating plans in the Master Trust for the years ended December 31, 2002 and 2001 are summarized as follows (dollars in thousands):

| | 2002 | 2001 |
|---|-------------|-------------|
| | ----- | ----- |
| Interest | \$49,170 | \$61,216 |
| Dividends | 145,357 | 137,147 |
| Net (depreciation) appreciation in fair value of investments: | | |
| General Motors Corporation \$1-2/3 par value common stock | (760,290) | (103,711) |
| Mutual funds | (1,140,939) | (1,208,360) |

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| | | |
|------------------------------|---------------|---------------|
| Common and collective trusts | (501,491) | (363,975) |
| Other | (110,426) | 176,462 |
| | ----- | ----- |
| Total net depreciation | (2,513,146) | (1,499,584) |
| | ----- | ----- |
| Total investment losses | \$(2,318,619) | \$(1,301,221) |
| | ===== | ===== |

- 11 -

THE GENERAL MOTORS PERSONAL SAVINGS PLAN
FOR HOURLY-RATE 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 Personal Savings Plan (the "Delphi Plan"), modeled after the GM Plan. On May 28, 1999, for those employees whom elected to do so, assets representing Delphi participants' holdings in the GM Plan were transferred and reinvested under the corresponding investment options in the Delphi Plan. As a result of the separation, the Delphi Plan was separated from the GM Plan, and is now administered by Delphi as a separate plan. During 2001 and 2002 additional participants elected to transfer their holdings between the Delphi and GM Plans resulting in a net transfer out of the GM Plan of approximately \$10.8 and \$32.2 million for 2002 and 2001 respectively.

F. TERMINATION OF THE PLAN

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

G. FEDERAL INCOME TAXES

By letter dated May 23, 2000, the Internal Revenue Service has determined and informed the Corporation that the Plan is a tax-qualified employee benefit plan, meeting the requirements of Sections 401(a) and 401(k) 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 Plan's fiduciary and tax counsel believe that the Plan 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 Plan's financial statements.

H. RELATED PARTY TRANSACTIONS

The Plan 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.

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I. SUBSEQUENT EVENTS

Effective June 1, 2003, a redemption fee charging participants 1% of the value of any units redeemed within 30 days of being acquired will be assessed on Promark International Equity or Promark Emerging Market Equity funds.

- 12 -