



Europe Update

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Safe Harbor

In the presentation that follows and in related comments by General Motors management, our use of the words “expect”, “anticipate”, “estimate”, “forecast”, “objective”, “plan”, “goal”, “project”, “outlook”, “priorities/targets” and similar expressions is intended to identify forward looking statements.

While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors that are described in GM’s most recent report on SEC Form 10-K which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K. Such factors include, among others, the following: changes in economic conditions, currency exchange rates or political stability; shortages of and price increases for fuel, labor strikes or work stoppages; health care costs; market acceptance of the corporation's new products; pace of product introductions; significant changes in the competitive environment; changes in laws, regulations and tax rates; and, the ability of the corporation to achieve reductions in cost and employment levels to realize production efficiencies and implement capital expenditures at levels and times planned by management.

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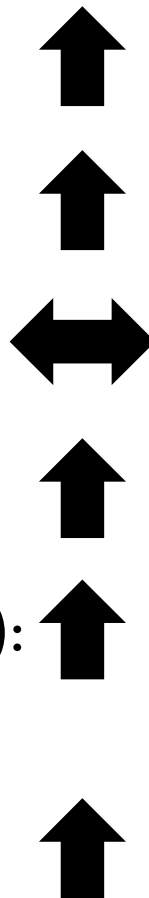
- European Market Environment
- General Motors Europe H1
- Core Actions to Improve Profitability
- Globalization of Automotive Operations –
Impact at GM and GME
- Product Portfolio
- Summary

Overall European Market Observations

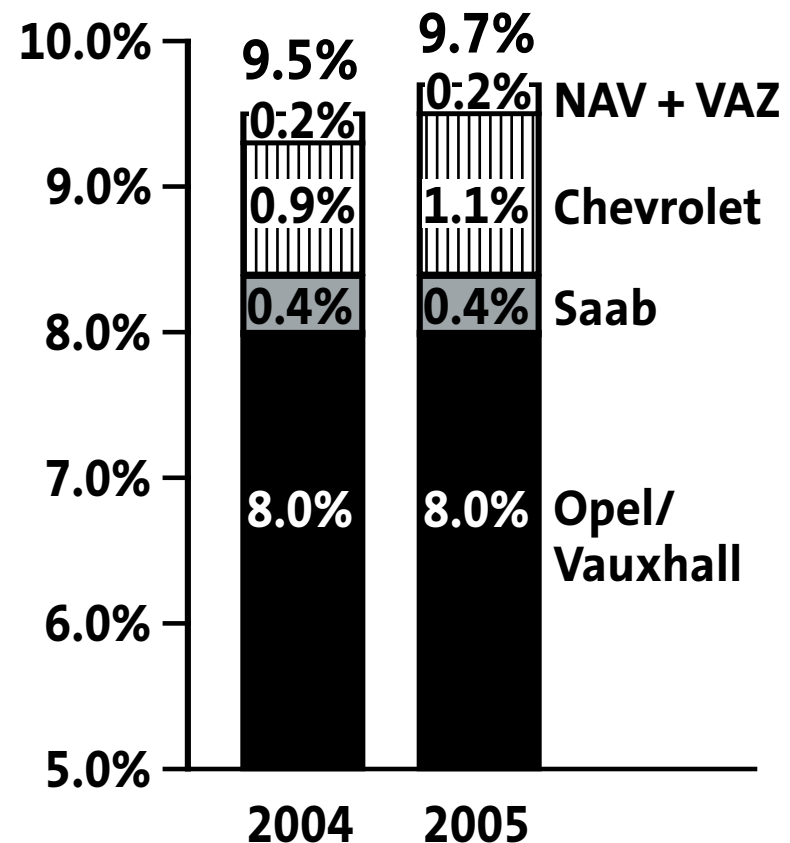
- Record industry demand at 20.7 million units
 - Western Europe flat
 - Growth in Central and Eastern Europe and Russia
- No let up in competition
 - Leading company share 15.6%
 - Leading brand share 10.0%
- Segment growth at low-end and premium
- “Mix” pressures
- Regulatory/policy pressures remain intense, driving costs
- Continued price pressure industry-wide

GME 2005: H1 Performance Summary

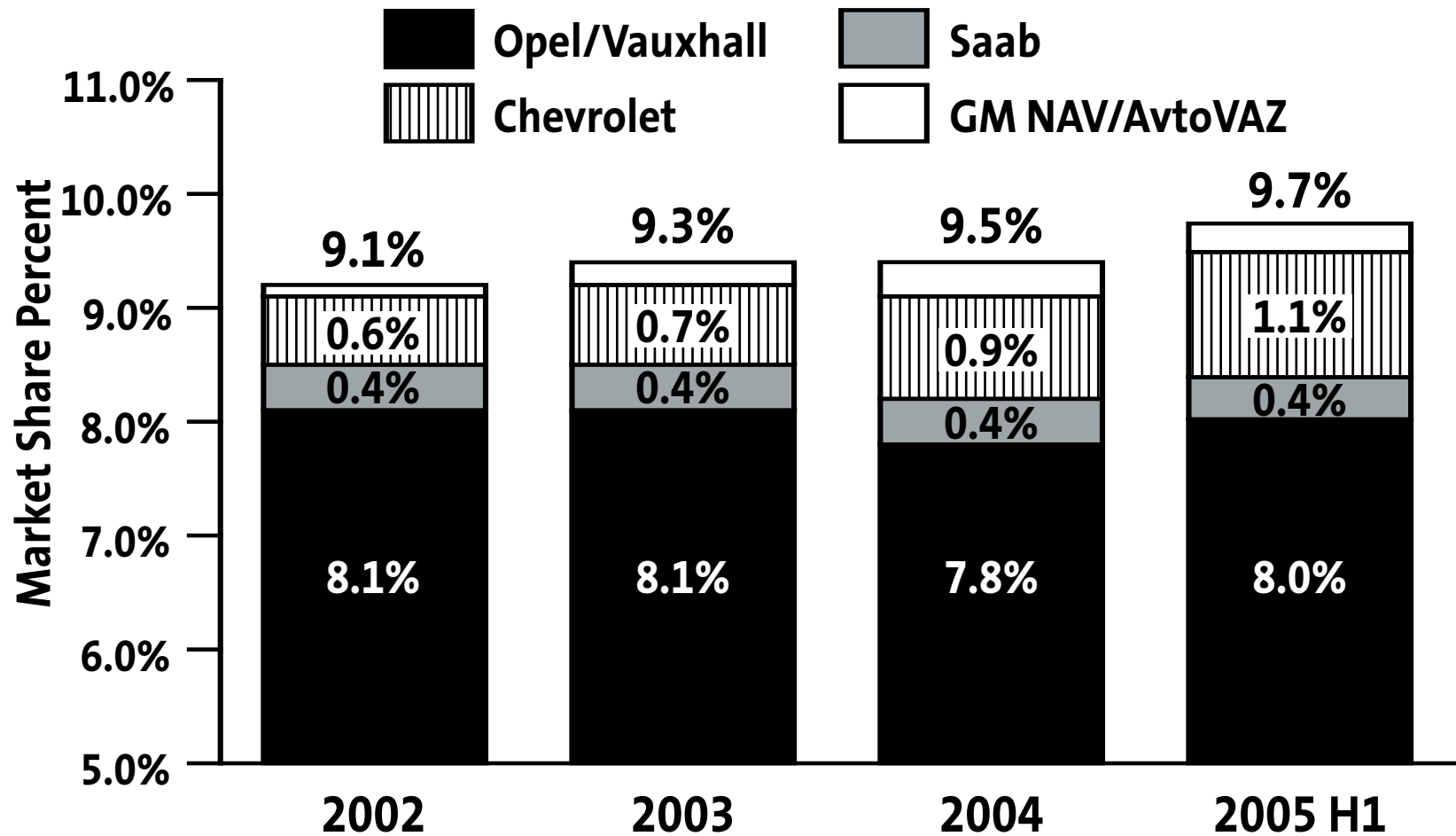
- H1 share: +0.2 pts
- Retail volume: +21K
- Q2 net result: \$37M
- Q2 vs. 2004: +\$81M
- Cashflow (ongoing ops): favorable vs. year ago
- Product: Astra success



Retail Market Share – H1 2005

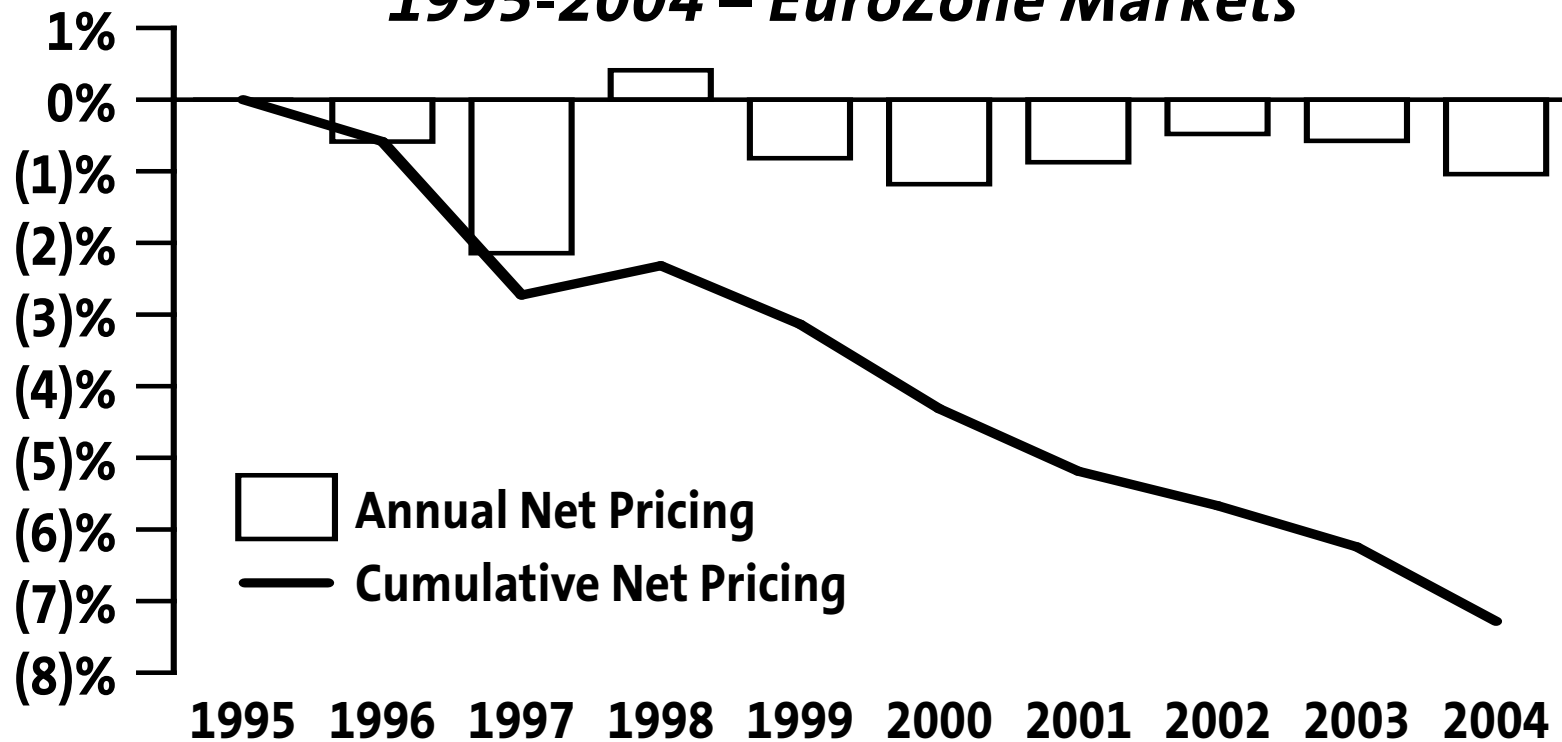


GME Market Share – Total Europe



Net Price Deterioration Ongoing Since Mid-1990s

Industry-Level Net Price Evolution, 1995-2004 – EuroZone Markets

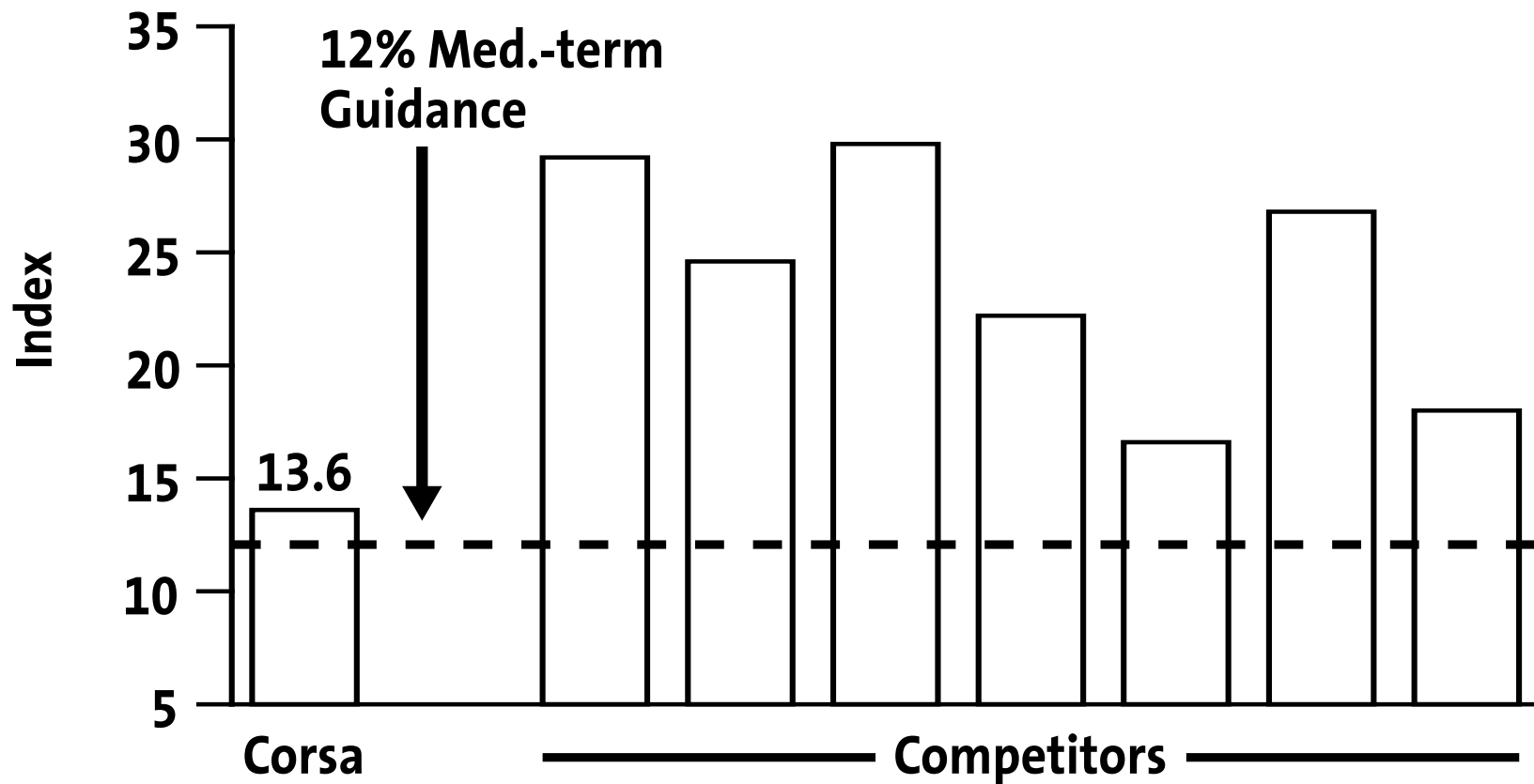


■ Pricing environment will not get any less challenging in coming years

Source: European Commission – EuroStat / GME Calculation

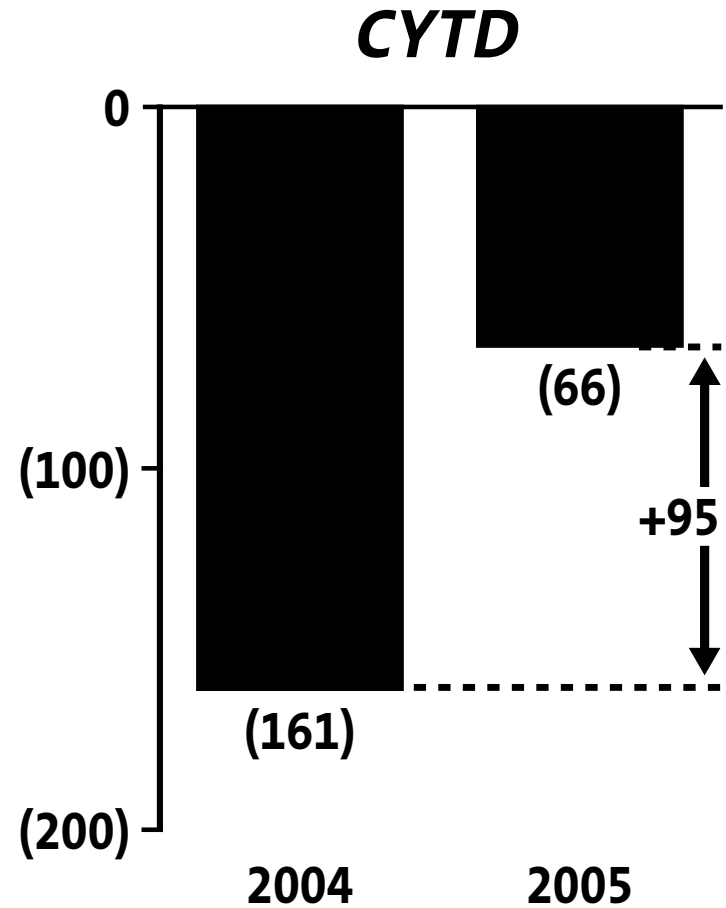
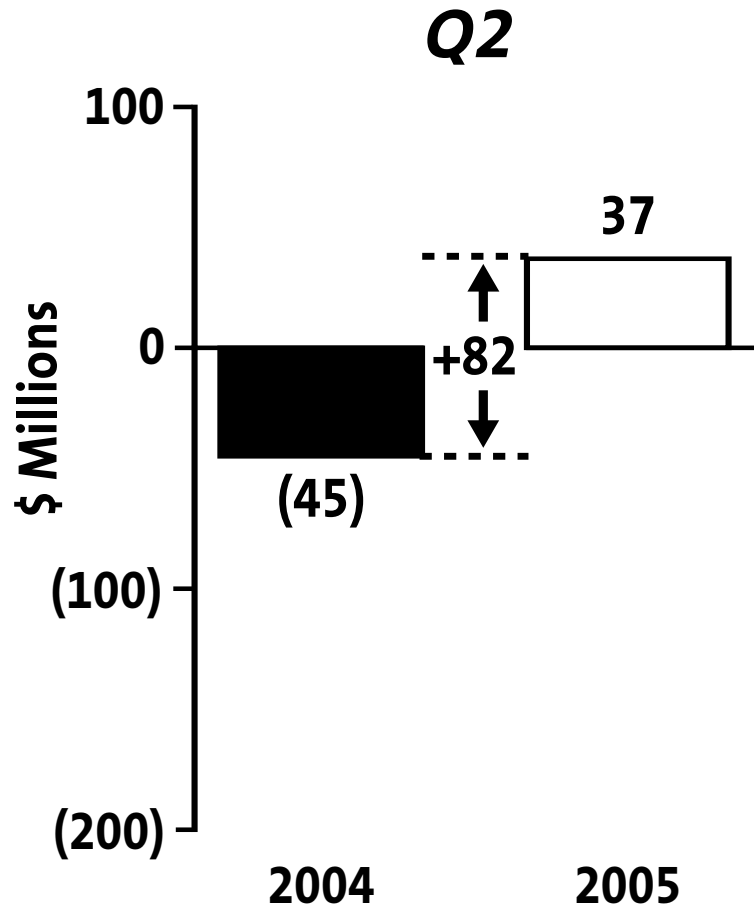
GME Faces Less Risk of Margin Compression Due to Open Markets Than Competing Makes

Price Spread Across Western Europe – Small Cars



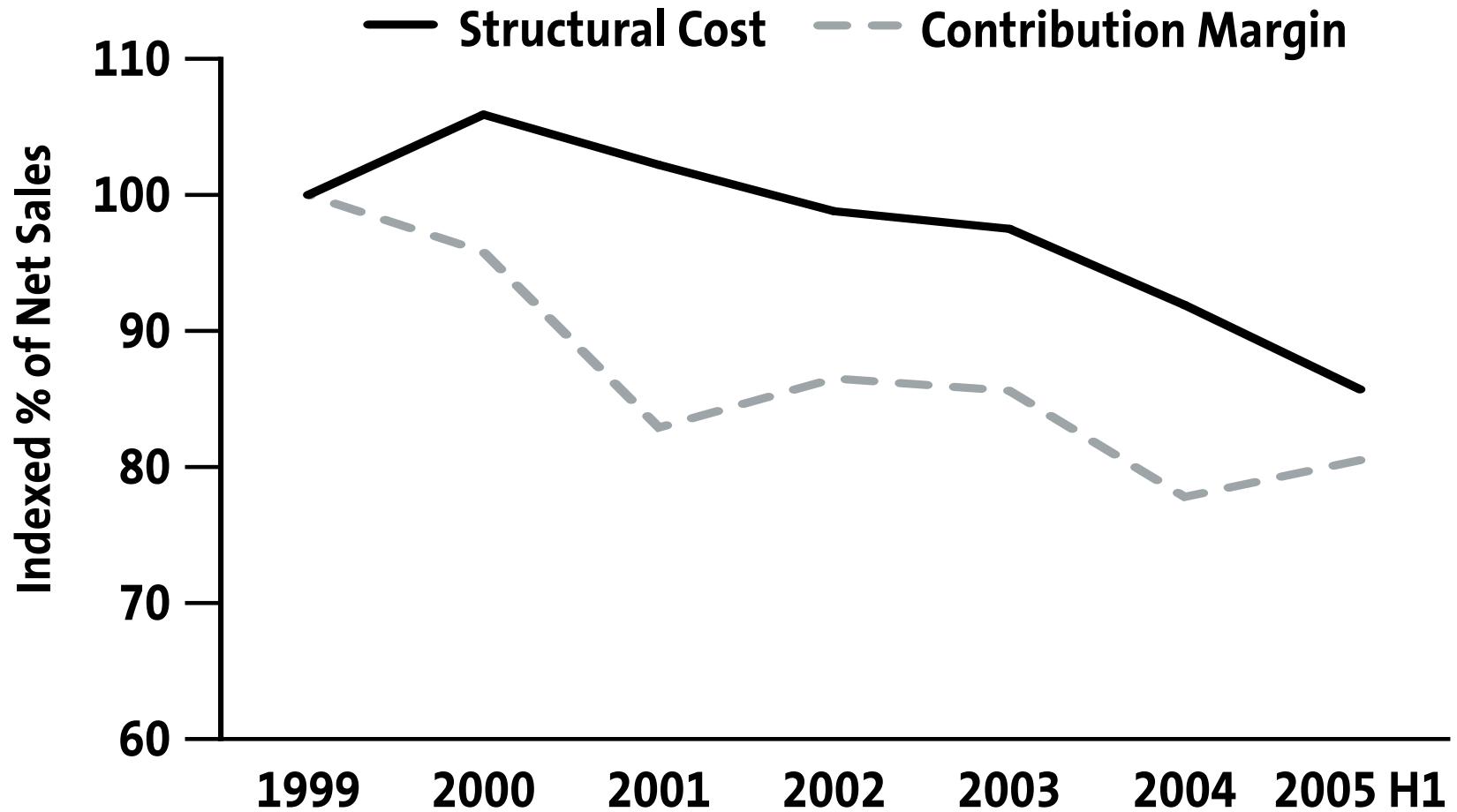
Source: European Commission Report – Car Prices within the European Union, May 2005

Net Income



Note: Excludes one-time separation program expense

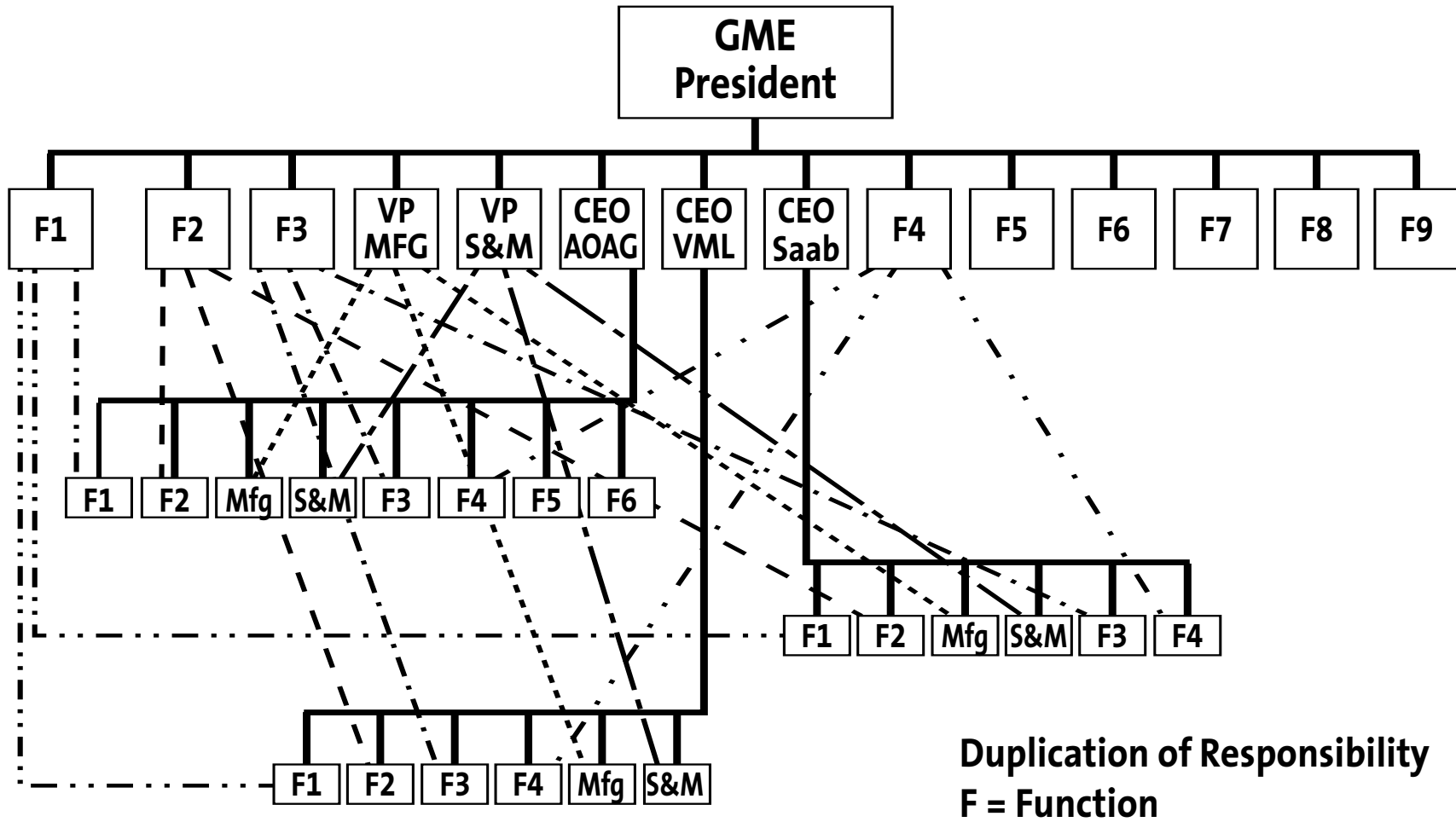
GME Structural Cost Moving Back Into Proper Alignment With Margin



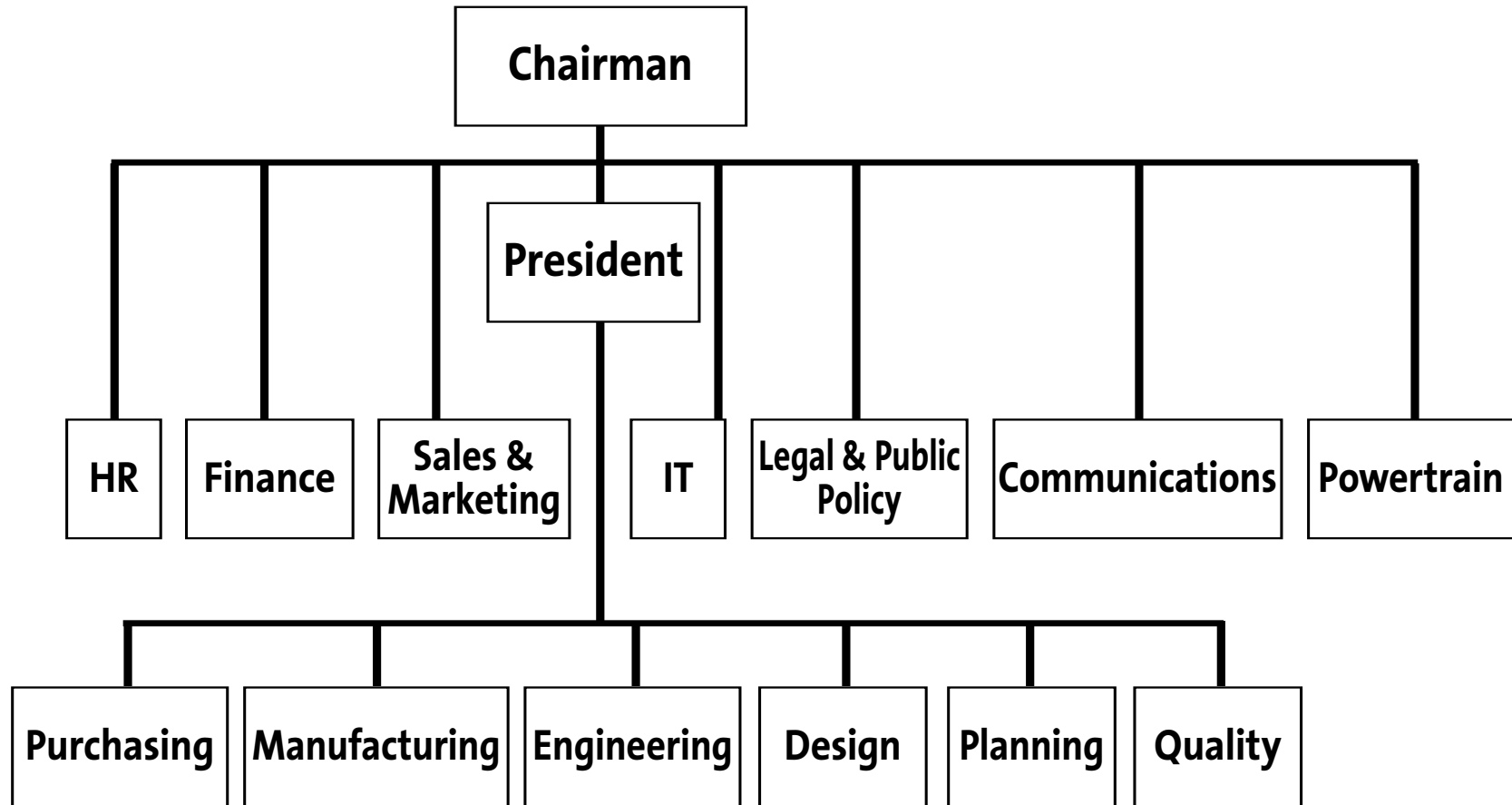
Core Actions to Reinforce Drive to Profitability

- Organizational realignment
- Execute GME Restructuring
- Focus on revenue/margin and brand improvement
- Capitalize on growth opportunities
- Leverage global resources
- Product appeal/quality excellence

Improve Organizational Alignment, Speed and Clarity



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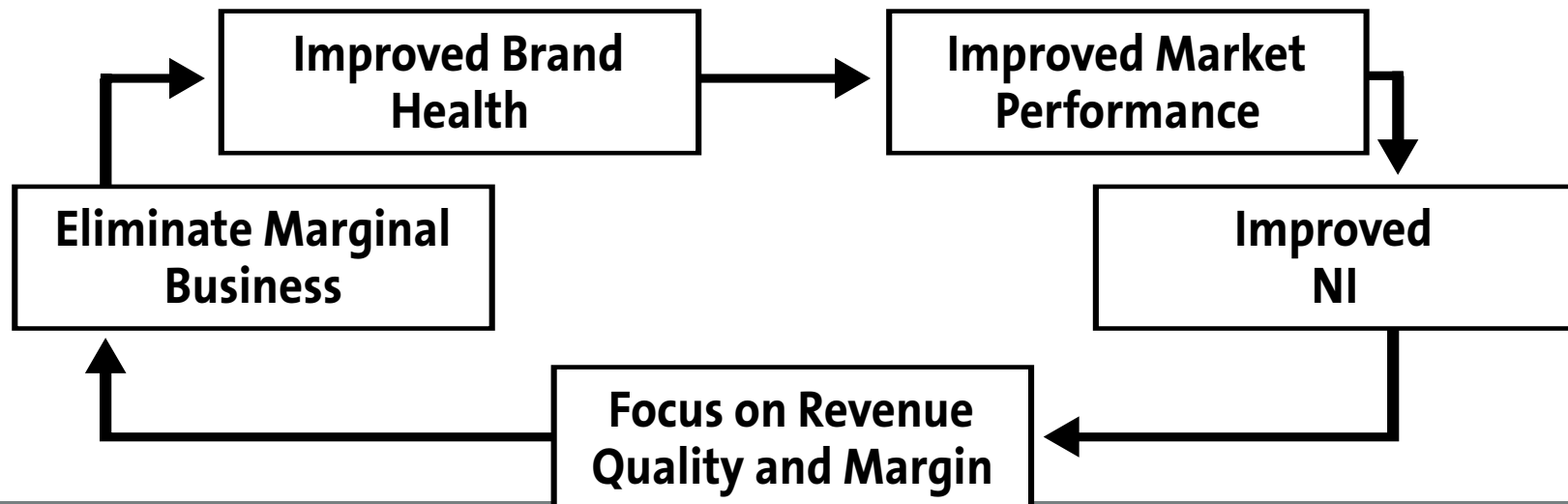


Restructuring Status

- Goal: Reduce structural costs by at least €500 Million (\$600M p.a.)
- Plan on track
 - Reduction of General Motors workforce in Europe by 12,000 by 2007 year-end, with primary impact in Germany
 - More than 6,000 separations agreed to date, with plan on-track for 12,000 in total
- Benefit of streamlined pan-European organization

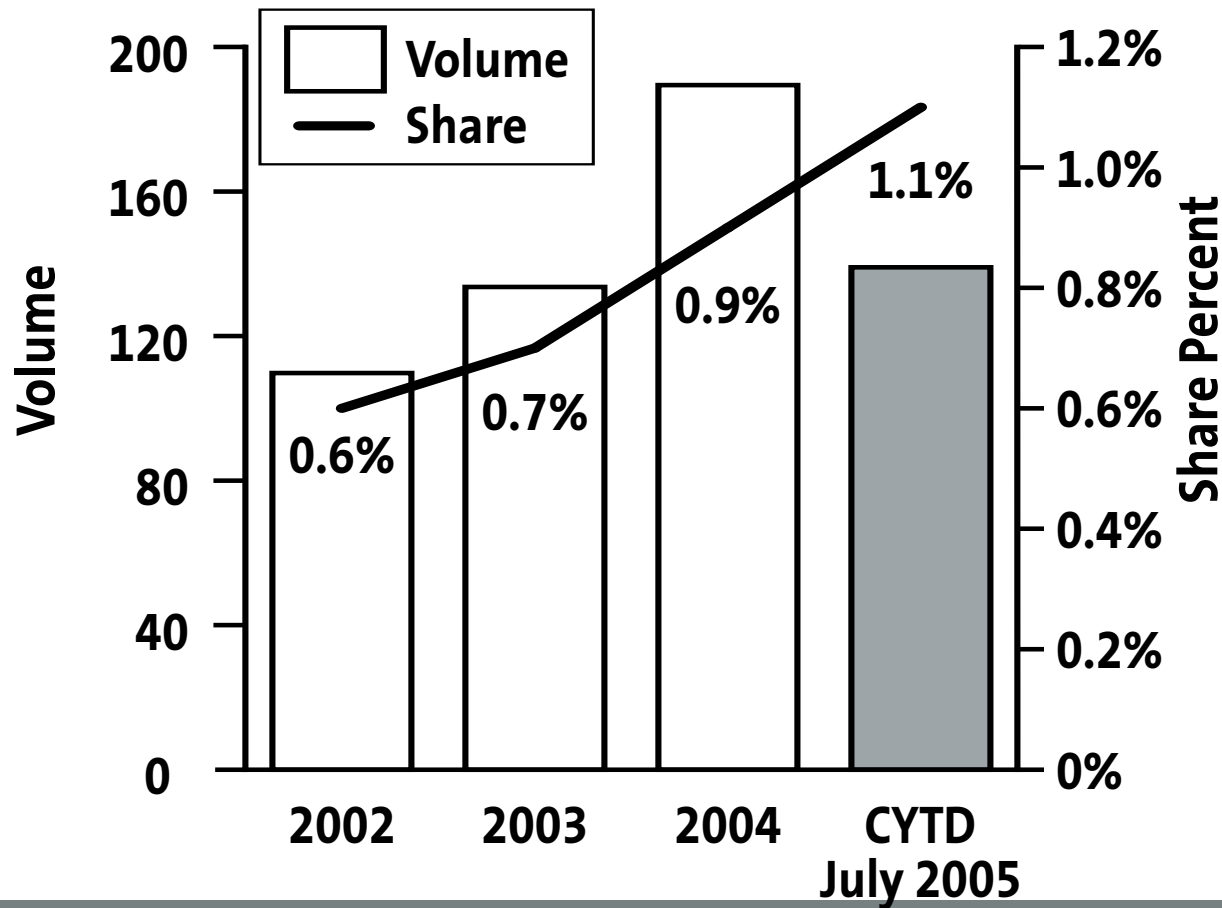
Opel/Vauxhall Brand Health and Market Performance

- Product focus – visual/emotional appeal;
competitive cost/price position
- Protect portfolio investment
- Continue quality drive
- Focus on profitable business



Pursue Growth Initiatives: Multibrand Synergies

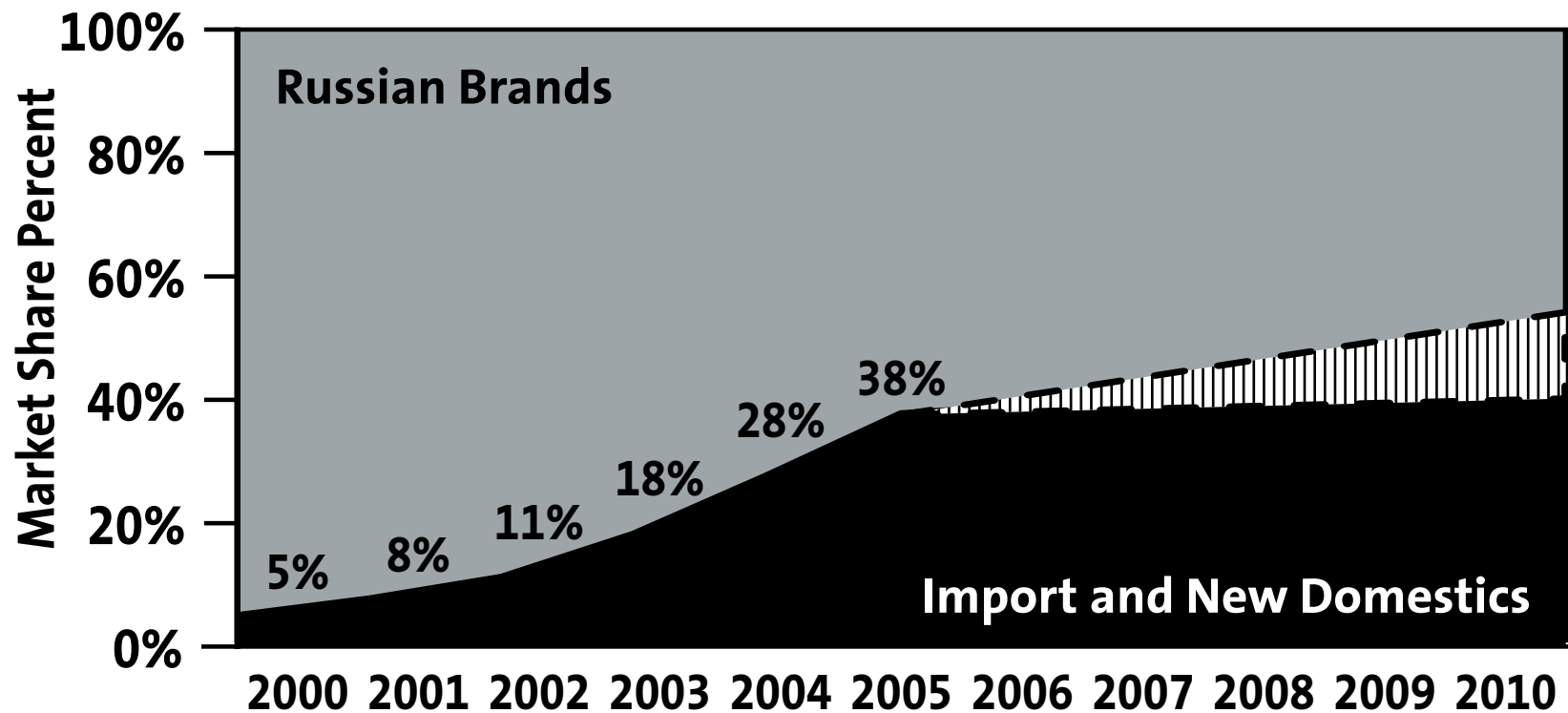
Chevrolet Growth – Total Europe



Pursue Growth Initiatives: Central and East Europe


Russia Offers Largest Opportunity in Eastern Europe Due to Market Size

Russia – Share of Passenger Car Demand by OEM Type



■ Large market with strong shift to higher priced import brands expected to continue

Globalization Challenge for GM in Europe

- Intense competitive pressures
 - Regional approach increasingly difficult to sustain
- 
- GM “global” product development approach will complement restructuring
 - Expected business results of Global Product Planning
 - Reduction in vehicle architecture count by 50%
 - Better economies of scale also in component sourcing
 - Global footprint
 - Reduction in Engineering and Manufacturing costs per entry
 - Significantly better execution global architectures will drive
 - Faster to market
 - Higher quality

Summary

- **Restructuring on-track**
 - Headcount reduction, improved labor cooperation
 - €500M in annual structural cost savings in the pipeline
 - Results starting to impact profitability
- **Signs of revenue recovery seen in first half 2005**
 - Strongly performing new Astra and Astra station wagon, Chevrolet growth
- **First quarterly profit (in Q2) since 2000**
 - First half operating cash flow favorable vs. 2004
- **Looking forward: product momentum**
 - Very positive response to Zafira and 9-3 SportCombi in automotive/non-automotive press
- **Much more work remains in challenging environment**
 - Globalization one key element to putting GM on path to sustainable growth