

# *Forward Looking Statements*

In this chart presentation and in related comments by General Motors' management, we will use words like "expect," "plan," "goal," "project," "priorities," "target," "intend," or "potential," to identify forward-looking statements that represent our current judgments about possible future events. We believe these judgments are reasonable, but GM's actual results may differ materially due to a variety important factors.

Among other items, such factors might include: our ability to achieve reductions in costs as a result of the turnaround restructuring, health care cost reductions and an accelerated attrition program, to realize production efficiencies and to implement capital expenditures at levels and times planned by management; the pace of product introductions and market acceptance of our new products; changes in the competitive environment and the effect of competition in our markets, including on our pricing policies; the final results of investigations and inquiries by the SEC and other government agencies; changes in relations with unions and employees/retirees and the legal interpretations of the agreements with those unions with regard to employees/retirees; our ability to complete the timely sale of a 51-percent controlling interest in GMAC and the effect of that sale on the results of GM's and GMAC's operations and liquidity; labor strikes or work stoppages at GM or its key suppliers such as Delphi Corporation or financial difficulties at those key suppliers; negotiations and bankruptcy court actions with respect to our relationship with Delphi; and price increases and shortages of fuel.

The most recent annual reports on Form 10-K and quarterly reports on Form 10-Q filed by GM and GMAC provide information about these factors, which may be revised or supplemented in future reports to the SEC on those forms or on Form 8-K. We caution investors not to place undue reliance on forward-looking statements, and do not undertake any obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other such factors that affect the subject of these statements, except where expressly required by law.



***Fritz Henderson***

*Vice Chairman &  
Chief Financial Officer*

# *Agenda*

- Economic Factors
- Industry Challenges
- Structuring the Business
- GM Turnaround Actions
- GM First Half Results
- What's Ahead

# ***Global Economic Overview***

- Global economic expansion expected to slow as high oil prices and monetary tightening begin to restrain demand
- The pace of growth in the U.S. economy is moderating
  - High gasoline prices, cooling housing market
- Western Europe's recovery is still on track
  - Economy is on solid footing despite headwinds
- Asia – Pacific has regained some growth momentum, some slowdown is expected for 2007
  - High oil prices and policy tightening are expected to dampen domestic demand
- LAAM economies continue to grow robustly

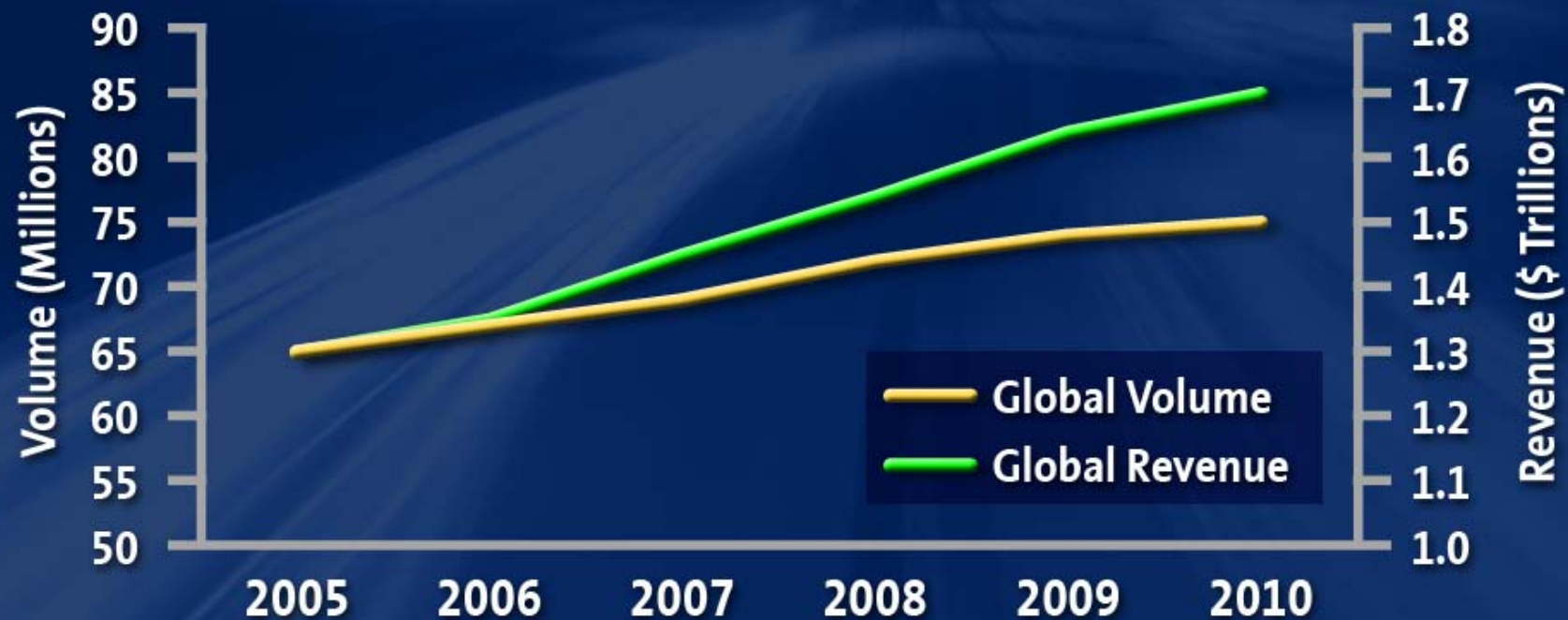
# Economic Outlook

## Real GDP Growth (%)

Region	'94 -'03	2004	2005	2006	2007	'08 -'11
World	2.9%	3.9%	3.4%	3.6%	3.2%	3.3%
NA	3.2%	3.9%	3.2%	3.4%	2.8%	3.1%
Europe	2.2%	2.9%	2.0%	2.6%	2.4%	2.5%
AP	3.3%	4.5%	4.7%	4.7%	4.2%	4.2%
LAAM	2.8%	6.0%	5.1%	4.5%	3.8%	3.4%

## Global Industry Volume and Revenue Trend

- While overcapacity and competitive pressure will continue, 2005 - 2010 global volume and revenue expected to grow by 15% and 31%, respectively



# *Industry Challenges*

- Elevated oil prices impacting both cost structure (i.e. certain materials, freight cost) and demand profile (mix shift away from trucks)
- Commodity cost pressures, particularly in precious metals
- General weakness in the supply base
  - Legacy costs in North America a key factor
- Intense competition globally, including a more rapid product cadence and finer product segmentation

# *Structuring the Business to Be Competitive Long-Term*

## Address Cost Structure

- Legacy costs
- Capacity utilization
- Leverage global footprint
  - Material and Structural

## Improve Revenue/ Contribution Margin

- Great products
- Tightly focused brands
- Stable retail sales
- Improve residual values

## Strengthen Balance Sheet

- Efficient deployment of capital
- Non-core asset sales
- Address long-term risks (legacy)

# ***GMNA Turnaround Plan***

***H1 2006 Adjusted Net Income Improved \$2.1B vs. H1 2005***

- Raise the bar on execution of new products
- Revitalize sales and marketing strategy
- Intensify our focus on cost and quality
- Address health care/legacy cost burden

# U.S. Industry Retail Segment Mix

	2006 CYTD thru July	2005 CYTD thru July	Percentage Pt. Increase/(Decrease)
<b>Segments Up</b>			
Small Car	13.1%	11.5%	1.6
Small Utility	11.1%	10.1%	1.0
Upper Mid Car	13.8%	13.0%	0.8
Mid Car	5.5%	4.8%	0.7
Luxury Car	8.9%	8.2%	0.7
Mid Utility – Crossover	3.8%	3.7%	0.1
<b>Segments Down</b>			
Large Pickup	13.3%	15.5%	(2.2)
Mid Utility – Traditional	5.5%	7.1%	(1.6)
Large Utility	3.8%	4.7%	(0.9)
Medium Van	5.3%	6.1%	(0.8)
Medium Pickup	3.9%	4.2%	(0.3)

Source: PIN Data

# U.S. Vehicle Launches vs. CYTD Segment Trends



**GM Launches Generally Target Large or Growing Segments**

# ***U.S. Market Growth Plan***

- Clearly differentiate all divisional brands and roles
- Go to market on product excellence and industry-leading value
- Focus on key major metro markets
- Become a consistent world-class retail channel
- Improve customer service retention to drive vehicle repurchase loyalty

## ***Industry Leading Warranty Coverage***

- Over last five years, J.D. Power Initial Quality Survey results have improved 25% and warranty costs have steadily declined
- Just announced we are expanding our powertrain warranty in the U.S and Canada to 5 years or 100,000 miles
  - Includes every nameplate from all eight brands beginning with the 2007 model year
  - Completely transferable with no deductible
  - Includes roadside assistance and courtesy transportation
- Clear sign of confidence in the quality of our vehicles

# ***GMNA Turnaround – Cost Actions***

## ***Steady Cadence of Turnaround Actions***

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- Oct 2005:** GM/UAW Retiree Health Care Agreement reached
- Nov 2005:** Manufacturing Capacity Actions announced
- Feb 2006:** U.S. Salaried Retiree Health Care revisions
- Feb 2006:** Shared Sacrifice actions
- Mar 2006:** U.S. Salaried Pension Plan revisions
- Mar 2006:** GM/UAW/Delphi Accelerated Attrition announcement
- Jun 2006:** GM/UAW/IUE Accelerated Attrition results

# **\$9B Structural Cost Reduction\***

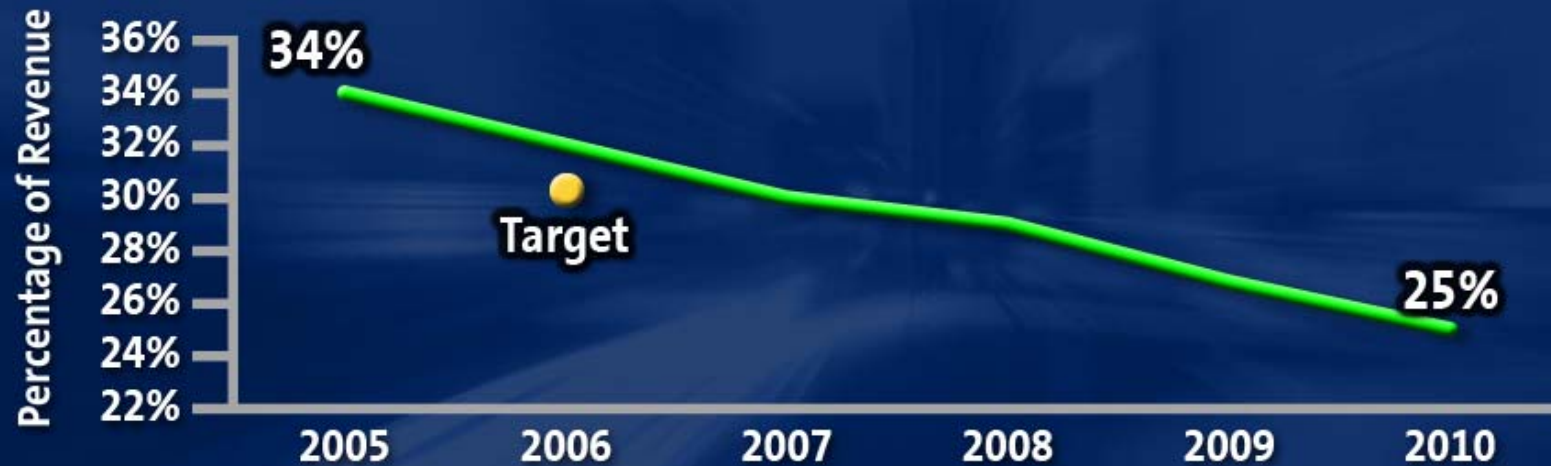
**Approximately \$6B in 2006 CY**



**Cash Savings of Approximately \$5B -- Non-cash Savings Represent Additional Long-term Risk Mitigation to Balance Sheet**

\*GMNA Average Annual Running Rate by the end of 2006; includes North American costs accounted for in Corp Sector

# Global Automotive Structural Cost Target



## Key Enablers

- Manufacturing capacity, efficiency, footprint
- Global product development
- Continued progress on legacy costs
- Efficiency in salaried heads, marketing costs, etc.
- Revenue growth

# *Global Vehicle Strategy*

- Leveraging GM's global engineering and manufacturing footprints can drive significant cost efficiency
- New global midsize car has yielded:
  - 40% reduction in direct engineering costs
  - 15% reduction in material costs
  - 30% reduction in overall investment



# GME Results

	H1 2006	H1 2005	2006 O/(U) 2005
Adj. Net Income (\$Millions)	212	(62)	274

## Key Strategies:

- Aggressive moves in structural cost, including 18% headcount reduction from 2005-2007
- Effective management of manufacturing footprint
- Focus on contribution margin – leverage new product launches and improve quality of share
- Execute multi-brand strategy and grow business in Central and Eastern Europe

# ***GMLAAM Results***

	H1 2006	H1 2005	2006 O/(U) 2005
Adj. Net Income (\$Millions)	212	56	156

## ***Key Strategies:***

- Execute GM Brazil revitalization plan
- Grow engineering capability in region
- Leverage leadership position throughout South America
- Take advantage of continued growth in Middle East and South Africa

# ***GMAP Results***

	H1 2006	H1 2005	2006 O/(U) 2005
Adj. Net Income (\$Millions)	248	253	(5)

## ***Key Strategies:***

- Grow leadership position in China
- Grow in India and ASEAN
- Execute GM Holden turnaround
- Leverage GMDAT product development capabilities and integrate with GM family

# ***GM Liquidity and Risk Management***

## ***Liquidity Actions***

Sale of FHI	\$0.8B
Sale of Suzuki	\$2.0B
Sale of Isuzu	\$0.3B
Sale of 51% GMAC	\$14.0B
Dividend Cut	\$0.5B/yr
Revolver	\$4.6B

## ***Balance Sheet Risk Management***

- UAW Health Care Agreement
- Salaried Health Care Revisions
- Salaried Pension Revisions
- Execution of GM-UAW-Delphi Attrition Program

***Current Automotive Liquidity Strengthened to \$22.9B***

***H1 2006 Operating Cash Flow Improved \$4.3B vs. H1 2005***

## ***Near-Term Priorities***

- Resolution of Delphi remains top priority
- Implementation of GM/UAW/Delphi attrition program
- Proceed toward closing GMAC transaction
- Execute key upcoming product launches

# *Looking Ahead*

- Seize opportunities to more efficiently source on a global basis
  - Delphi resolution is an avenue to addressing significant material cost disadvantages
- Structural cost actions gaining traction, but opportunities remain
  - Continued focus on controlling health care and pension costs
  - Focus on competitive labor structure
- Continue restructuring business for long-term competitiveness
  - Reduce structural cost from approximately 34% of automotive revenue to 25% by 2010
- Continue to focus on strengthening the balance sheet
  - Cost reduction actions that also reduce long-term liquidity risk
- Revenue/contribution margin key to turnaround going forward

# ***Supplemental Charts***

The following supplemental charts are provided to reconcile adjusted financial data comprehended in the primary chart set with GAAP-based data (per GM's financial statements) and/or provide clarification with regard to definition of non-GAAP terminology

## Reconciliation to Adjusted Net Revenue, Net Income/EPS H1 – 2005 & 2006

\$ Millions

YTD June 30, 2006	GMNA	GME	GMLAAM	GMAP	Total Auto Operations	GMAC	Other	Total Operations
Total Net Sales & Revenue	57,121	16,834	6,960	8,024	88,939	18,264	(563)	106,640
Net Income	(4,444)	(10)	169	832	(3,453)	1,535	(1,016)	(2,934)
<b>EPS – Basic</b>								<b>(\$5.19)</b>
<u>Adjustments (after-tax):</u>								
Special Attrition	(3,659)	-	-	-	(3,659)	-	-	(3,659)
Restructuring Charge	(41)	(222)	(43)	-	(306)	-	(3)	(309)
Sale of Suzuki	-	-	-	372	372	-	-	372
Vehicle Impairments	(197)	-	-	-	(197)	-	-	(197)
Sale of Isuzu	-	-	-	212	212	-	-	212
Loss on Sale of GMAC	-	-	-	-	-	-	(433)	(433)
Incremental Tax on GMAC Sale	-	-	-	-	-	-	(257)	(257)
Total Adjust. – Net Income	(3,897)	(222)	(43)	584	(3,578)	-	(693)	(4,271)
Total Adjust. – Net Revenue	-	-	-	941	941	-	-	941
Adjusted Net Revenue	57,121	16,834	6,960	7,083	87,998	18,264	(563)	105,699
Adjusted Net Income	(547)	212	212	248	125	1,535	(323)	1,337
<b>Adjusted EPS – Basic</b>								<b>\$2.36</b>
<b>YTD June 30, 2005</b>								
Total Net Sales & Revenue	52,226	16,697	5,234	3,616	77,773	16,540	(71)	94,242
Net Income	(2,874)	(610)	56	(535)	(3,963)	1,544	179	(2,240)
<b>EPS – Basic</b>								<b>(\$3.96)</b>
<u>Adjustments (after-tax):</u>								
FHI Impairment	-	-	-	(788)	(788)	-	-	(788)
Salaried Attrition Program	(140)	-	-	-	(140)	-	(8)	(148)
Plant & Facility Impairments	(84)	-	-	-	(84)	-	-	(84)
Restructuring Charge	-	(548)	-	-	(548)	-	-	(548)
Tax Items	-	-	-	-	-	-	547	547
Total Adjust. – Net Income	(224)	(548)	-	(788)	(1,560)	-	539	(1,021)
Total Adjust. – Net Revenue	-	-	-	-	-	-	-	-
Adjusted Net Revenue	52,226	16,697	5,234	3,616	77,773	16,540	(71)	94,242
Adjusted Net Income	(2,650)	(62)	56	253	(2,403)	1,544	(360)	(1,219)
<b>Adjusted EPS – Basic</b>								<b>(\$2.16)</b>

## ***Reconciliation of Automotive Cashflow Q2 – 2005 & 2006, CYTD – 2005 & 2006***

### **Automotive & Other**

<b>\$ Billions</b>	<b>Q2 2006</b>	<b>CYTD 2006</b>	<b>Q2 2005</b>	<b>CYTD 2005</b>
Net Cash Provided by Operating Activities (GAAP)	2.5	5.5	0.4	(2.1)
Reclassifications to/(from) U.S. GAAP				
– Expenditures for PPE & Special Tools	(1.9)	(3.1)	(1.6)	(2.8)
– VEBA Withdrawals	–	(2.0)	(1.0)	(1.0)
– Cash Restructuring Costs	0.4	0.6	0.1	0.5
– FIAT Settlement	–	–	0.6	1.9
– Other	(0.3)	(1.5)	(0.3)	(1.3)
<b>Total Reconciling Items</b>	<b>(1.8)</b>	<b>(6.0)</b>	<b>(2.2)</b>	<b>(2.7)</b>
<b>Total Operating before Special Items</b>	<b>0.7</b>	<b>(0.5)</b>	<b>(1.8)</b>	<b>(4.8)</b>