

# ***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”, “priorities/targets,” “outlook” 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; market acceptance of the corporation's new products; 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.



# Europe Business Update

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# ***Content***

- Industry Outlook
- GM-Fiat Partnership
- General Motors Europe Update
  - Market observations
  - Olympia – retrospective look
  - Margin & structural cost
  - Core actions to drive to profitability
  - Product portfolio

# ***2005 Global Economic Outlook***

- Global GDP growth projected at 3.0-3.5%
- Some moderation in U.S. economic growth – 3.5% GDP growth vs. 4.4% in 2004
- Europe growth rate consistent with 2004 (2.0%-2.5%)
- Asia-Pacific growth remains a positive
- LAAM's strong recovery should continue

# ***2005 Industry Outlook***

- Global industry sales flat to up slightly
- Sales growth in China/other emerging markets continue to outpace developed markets
- Consumer affordability conditions to remain favorable
  - Pricing pressures still challenging in major markets
  - Oil prices expected to settle in the low \$40-\$43/bbl
  - New products stimulating demand
  - Continued rise in U.S. interest rates

# ***General Motors – Fiat Relationship***

- On Feb. 13th, GM and Fiat terminated the Master Agreement between the companies and have realigned their industrial relationships
- GM preserves key diesel engine capabilities
  - Capacity
  - Technology
- Cost savings generated so far by the Powertrain and Purchasing JV's are expected to continue
- Target for JV's liquidation is within 90 days

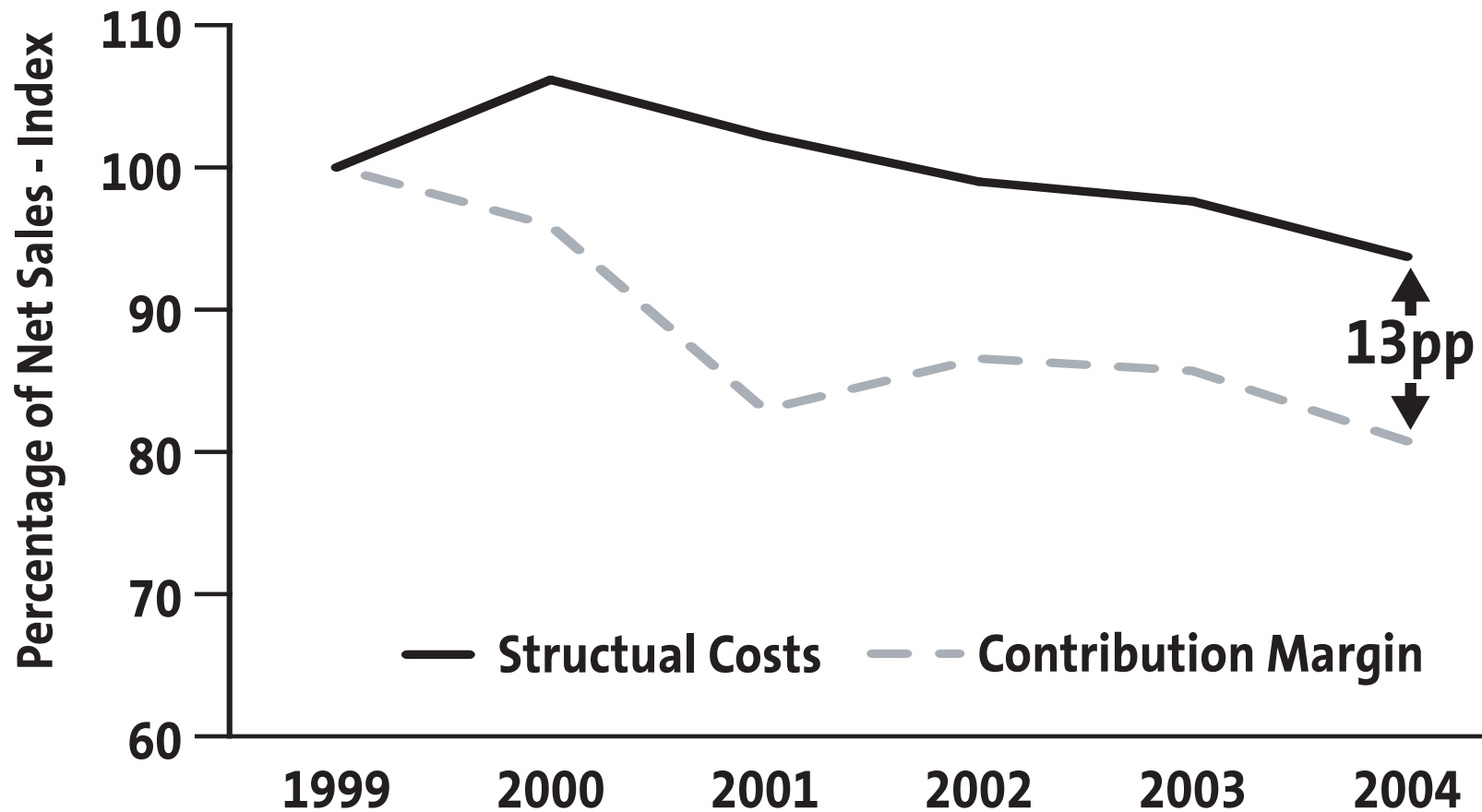
## ***Overall European Market Observations***

- Leading company share 16.6%, leading brand share 11.3%
- Western European demand stagnant
- Regulatory/policy pressures remain intense
- Segment growth at low-end and premium
- Intensifying price pressure industry-wide
- “Mix” pressures

# ***Olympia – Retrospective Look***

- Initial focus of restructuring, cost reduction; medium term revenue growth
- Significant improvements since 1999:
  - 18% structural cost reduction (\$1.8 billion)
  - 24% headcount reduction (19k)
  - >\$1 billion material cost saved
  - Reliability/durability improved by >60%

# GME Contribution Margin and Structural Cost



# ***Core Actions to Drive to Profitability***

- Restructuring status
- Revenue/margin and brand assessment
- Opel/Vauxhall brand health
- Manufacturing
- Warehousing operation
- Administration reductions
- Quality
- Portfolio

# ***Restructuring Status***

- Reduce structural costs by at least €500 Million (\$600M p.a.)
- Reduction of General Motors workforce in Europe by 12,000
  - Primary impact in Germany
- No further industrial action foreseen
- Believe on track

# ***Revenue/Margin Building Measures***

- Manage multi-brand opportunities, with Chevrolet growth at entry level
  - Position Opel/Vauxhall squarely in middle market segments
  - Saab entry premium
  - Cadillac at top end
- Systematic assessment of fleet business and diesel opportunities
- Brand rejuvenation initiative in 2005
- Focus on Eastern European growth
- Continue new product launches with segment leading quality, reliability and durability

# ***Opel/Vauxhall Brand Health***

- New product launches best opportunity
- While current quality improved, must deal with prior owner dissatisfaction
- Must continue to exercise true design innovation as we did with the Astra in all future product programs
- Continue work to build true retailer partnership in post-block exemption environment

# ***Leveraging Chevrolet***

- Significant growth
  - 70% growth since 2002 launch
  - 189,000 units in 2004
  - 3rd fastest growth
  - Diesel introductions start in 2006
  
- Synergy with Opel/Vauxhall
  - Chevrolet: Value price positioning
  - Opel/Vauxhall: Mid-market price positioning

# ***Strengthening Premium Brands***

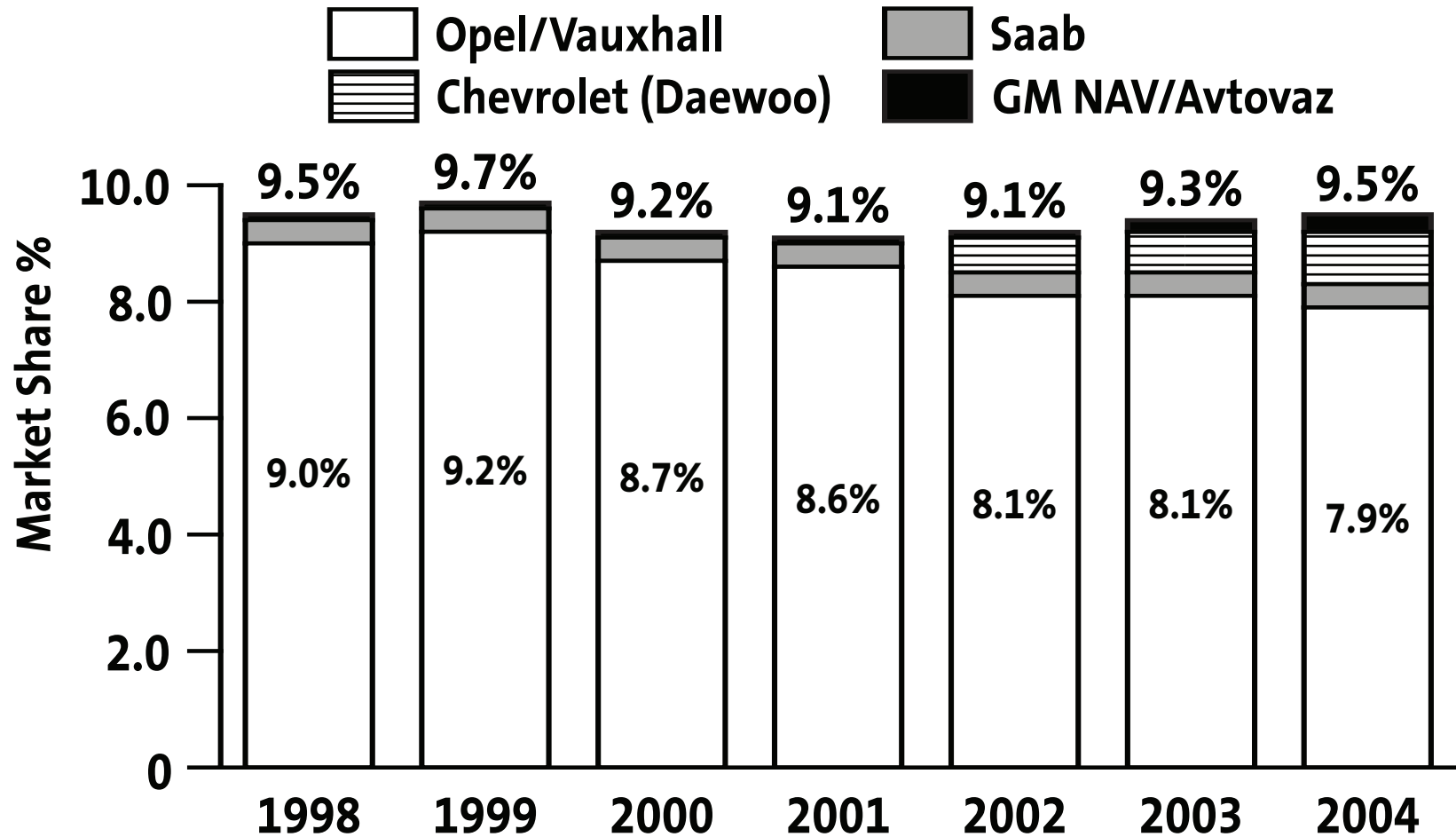
## ■ Saab

- Continue new product focus
  - 9-3 SportCombi, 9-7X, 9-6X
- Leverage unique customer demographics
- Broadened powertrain portfolio with new diesel engines and high-output V6 petrol

## ■ Cadillac

- Significant growth potential
- New entries designed for Europe (Cadillac BLS)
- Diesel and right-hand-drive applications as of 2005

# GME Market Share – Total Europe



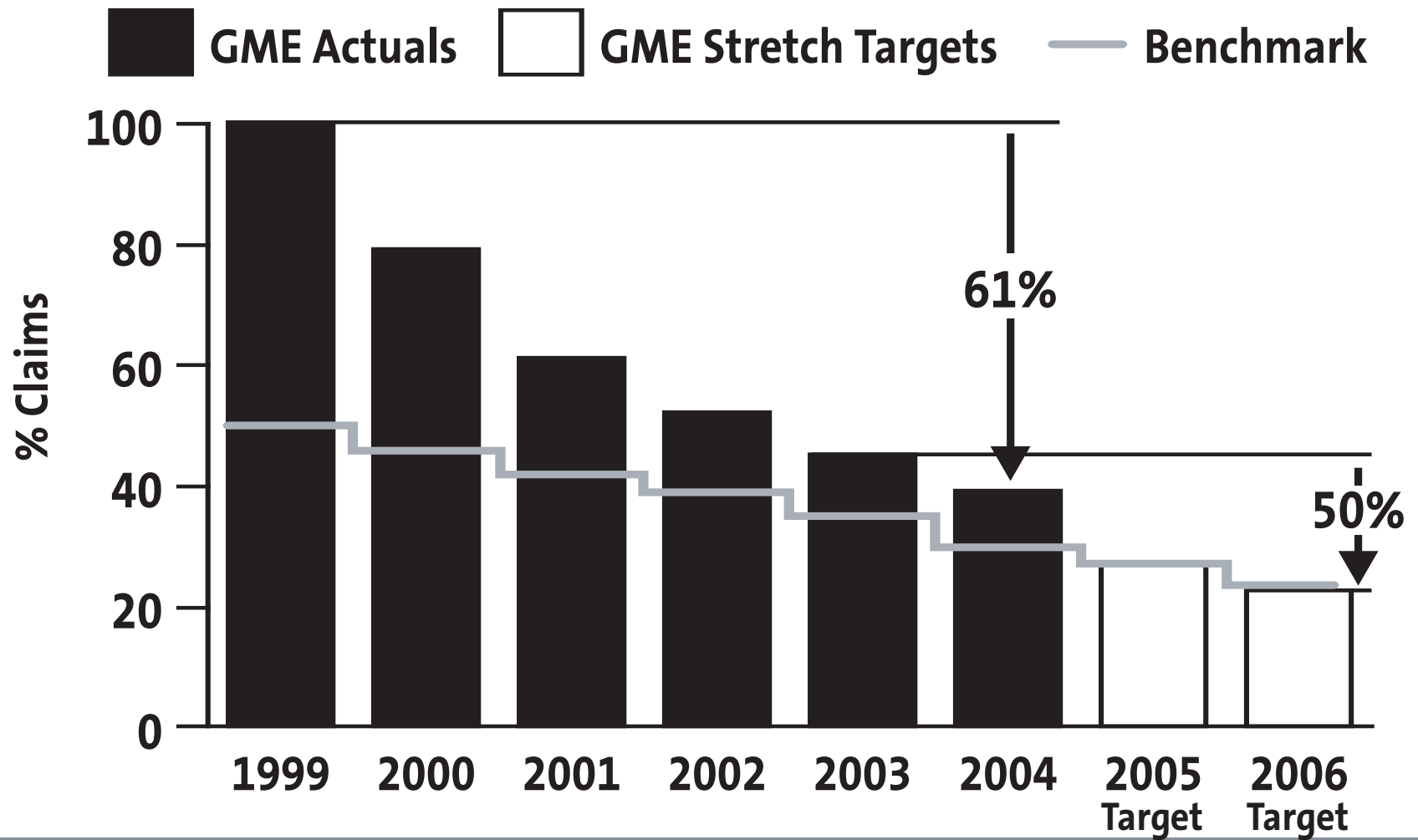
# ***Manufacturing Guiding Principles***

- Maximize utilization of all plants
- Footprint to be brand neutral
- Develop and use labor flexibility to maximum extent
- Total cost approach always considered
- Maximize contiguous stamping

# ***Engineering Functional Consolidation***

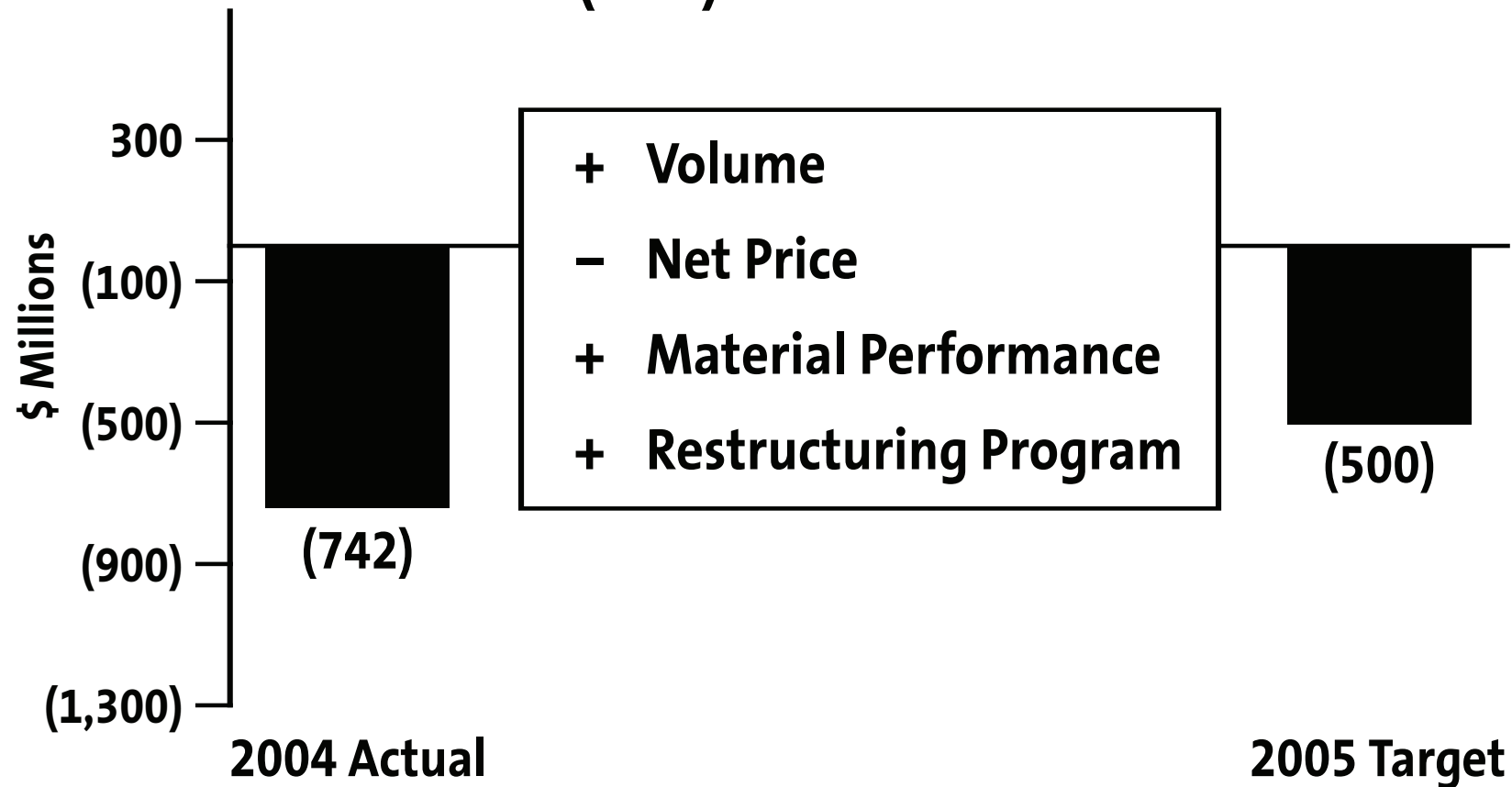
- One global organization
  - 3 European locations: Rüsselsheim, Trollhättan, Luton
- Strategically restructure to ensure maximum efficiency and utilization of common components globally
- Protect ability to execute portfolio
- Capacity aligned with future programs
- Design also functionally aligned

# Reliability/Durability Has Improved 61% Over Last 5 Years



# Profit Walk 2004-2005

## After-tax Net Income/(Loss)



Excludes Special Items

# *Summary*

- Restructuring on track
  - €500M savings in medium term
- Brand health improving
  - Successful recent product launches
  - Positive response to introduction of Chevrolet brand
  - Premium opportunities
- Share improving
- Segment leading quality and durability
- Healthy product pipeline across all brands