

# *Forward Looking Statements*

In this chart presentation and in related comments by General Motors' management, we will use words like "expect," "anticipate," "estimate," "forecast," "initiative," "objective," "plan," "goal," "project," "outlook," "priorities," "target," "intend," "evaluate," "pursue," "seek," "may," "would," "could," "should," "believe," "potential," "continue," "designed," or "impact" 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 of 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; the pace of introductions and market acceptance of new products; changes in the competitive environment and the effect of competition in our markets, including our pricing policies; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt; restrictions on GMAC's and ResCap's ability to pay dividends and prepay subordinated debt obligations to us; 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 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; negotiations and bankruptcy court actions with respect to our relationship with Delphi Corporation, a key supplier; labor strikes or work stoppages at GM or its key suppliers such as Delphi or financial difficulties at GM's key suppliers such as Delphi; additional credit rating downgrades and their effects; other factors affecting financing and insurance operating segments' results of operations and financial condition such as credit ratings, adequate access to the market, changes in the residual value of off-lease vehicles, changes in U.S. government-sponsored mortgage programs or disruptions in the markets in which its mortgage subsidiaries operate, and changes in its contractual servicing rights; and price increases or shortages of fuel.

In addition to these factors, a variety of other factors may materially affect GMAC's actual results, including: changes in the competitive environment and the effect of competition in GMAC's markets, including GMAC's pricing policies; GMAC's ability to maintain adequate financing sources and an appropriate level of debt; the profitability and financial condition of GM, including changes in production or sales of GM vehicles and risks based on GM's contingent benefit guarantees; changes in GMAC's accounting assumptions that may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; and the threat of natural calamities.

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.



# Europe

## Building Revenue Momentum

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*VP, Sales & Marketing – GM Europe*

*Chairman – Vauxhall Motors*

# ***Contents***

- **Market Observations**
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  - Recent Performance Overview
  - Turnaround Update
- **Multi-Brand and Portfolio Strategy**
  - Revenue Momentum
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# ***Overall European Market Observations***

- Moderate global economic expansion underway
  - High oil prices and monetary tightening begin to restrain demand
- Global vehicle sales projected at >66 million units in 2006
  - More than one million units higher than record 2005
- West European recovery remains on track as business confidence continues to rebound
- European industry fundamentals unchanged vs. 2005
  - Competitive intensity drives industry up 5% through May vs. year ago
- Mix pressures continue
  - Country/regional mix/segment mix – growth at low-end and premium
- Regulatory/policy pressures continue to drive costs

## ***GME 2006 CYTD Performance Summary***

- Successful new product launches **G**
- Best-ever volume levels for SAAB and Chevrolet **G**
- Market share: -0.3 pts **Y**
- Volume up 1.6% compared to Q1 2005 **Y**
- Structural cost reductions on track **G**
- Q1 2006 net income vs. 2005: +\$180M **Y**

# ***Turnaround Status***

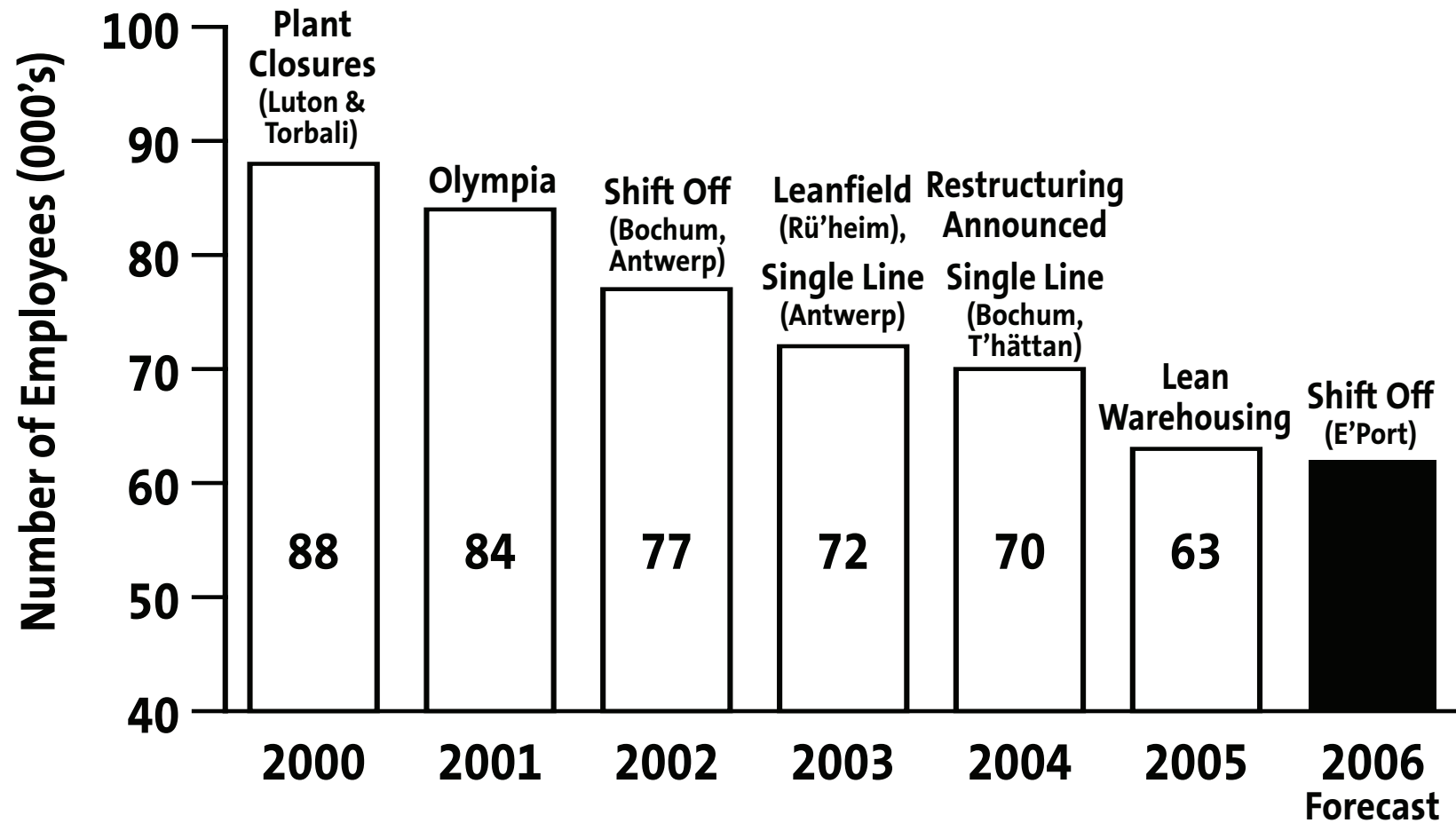
## ■ Key plan elements:

- Plan approved by GM Board of Directors in December 2004
- Target: headcount reduction of 12,000 by end-2007
- Labor negotiations to improve plant and workforce flexibility
- Initiatives to drive revenue and margin improvement

## ■ Progress to-date:

- Headcount reduction outlook on-track – 10,000 exits by end Q1 2006
- Cost tracking to plan
- Labor negotiations successful
- Payback of separation program on-track
- Managing remaining separations – 95% of target confirmed

# 30% Reduction in Headcount Since 2000



Note: Announced restructuring plan, includes Purchasing and Powertrain

## ***Structural Cost Reduction***

### ***Example: Lean Warehousing***

- Joint Venture with Caterpillar Logistics Services to run GME Aftersales supply chain operations
  - GME 20% owner
- Contract signed on October 19th, 2005
- On-time completion of transition activities in Italy and Germany (warehouse operations)
  - 1,200 people transferred to JV (only 5 refused)
- Extension to Hungary this year
- No supply disruption during transition

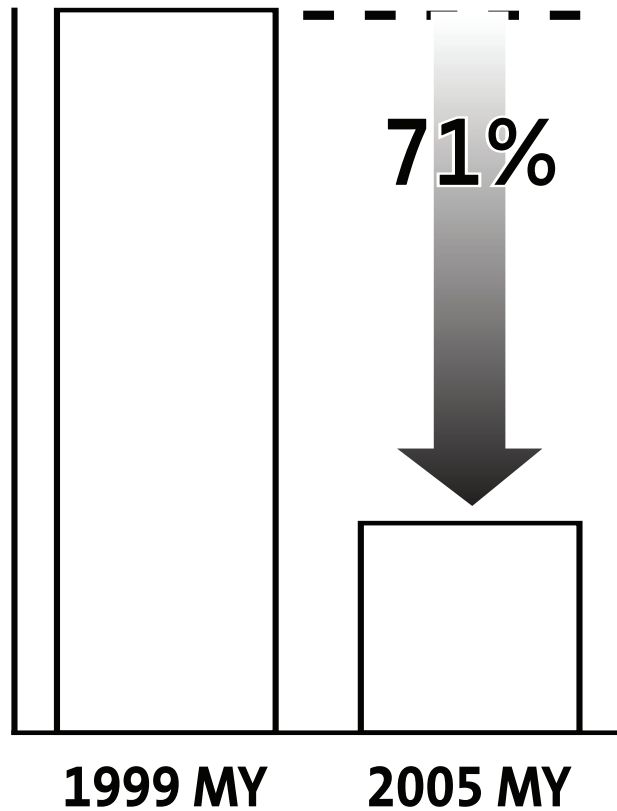
# ***Additional Steps:***

## ***Continuing Optimization of GME Cost Footprint***

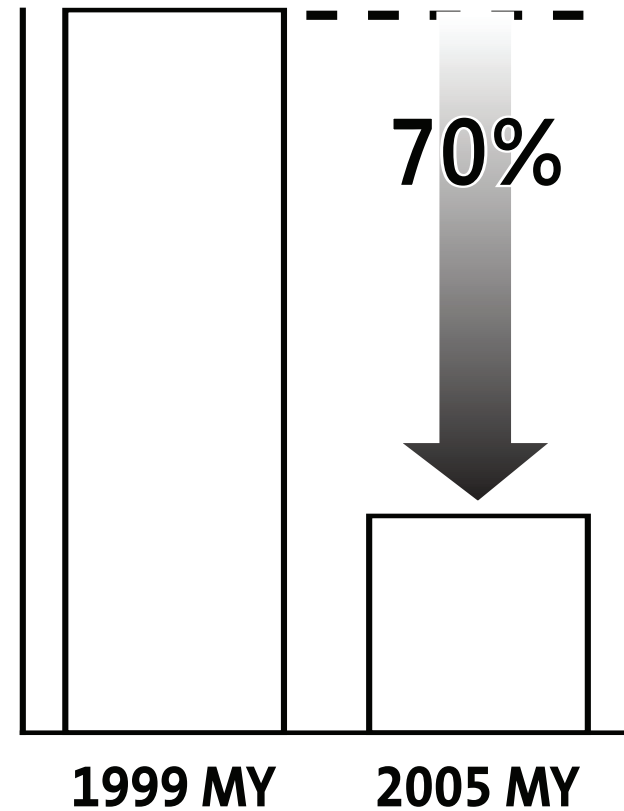
- **Manufacturing**
  - Ellesmere Port, UK – Astra shift reduction
  - St. Petersburg, Russia – New assembly plant
  - Additional steps under consideration
- **Ongoing shift of supplier footprint Eastwards**
- **Simplification of pan-European business structure**

# *Quality – Sharply Lower Warranty Claims*

## One Year Old Cars

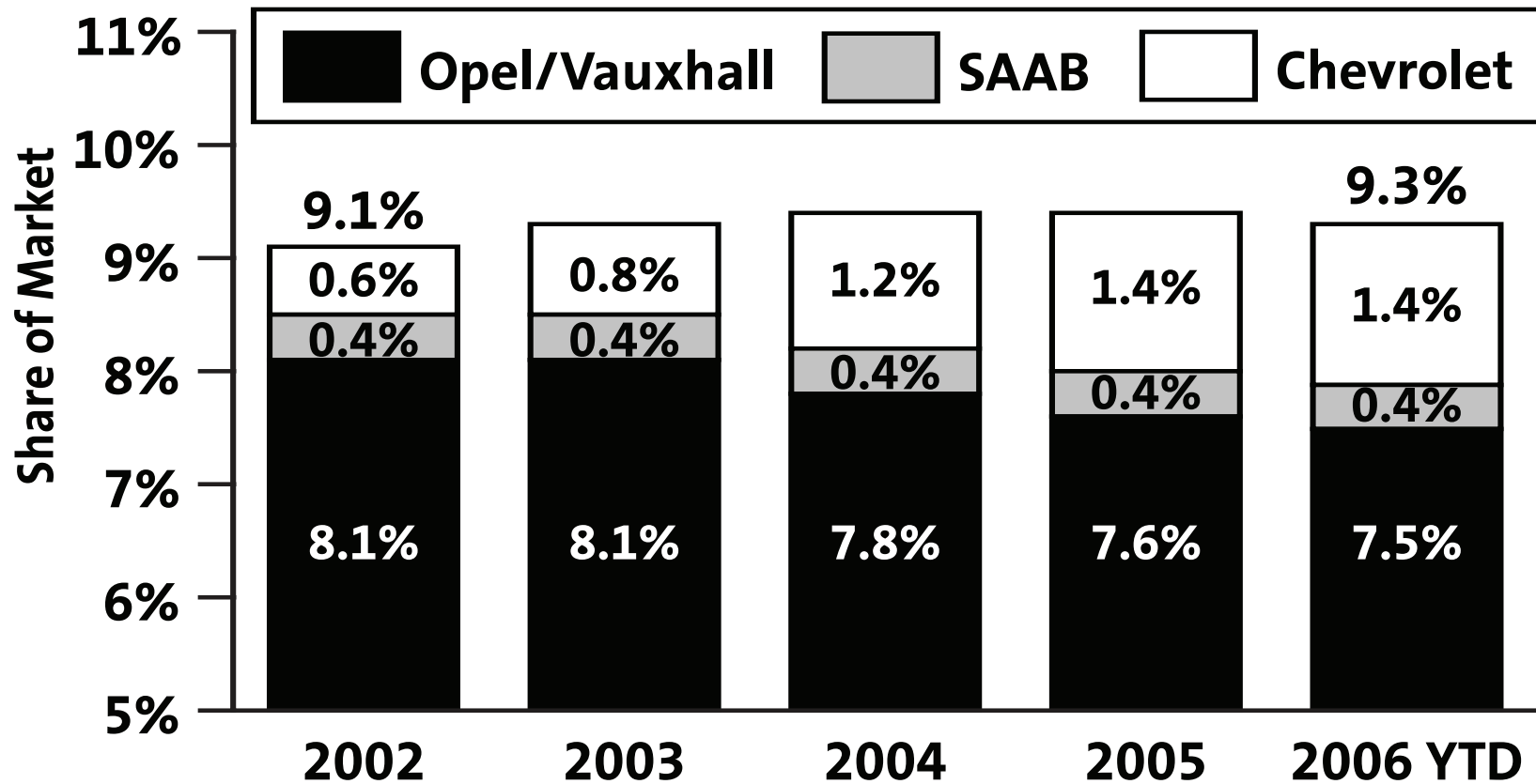


## Three Year Old Cars



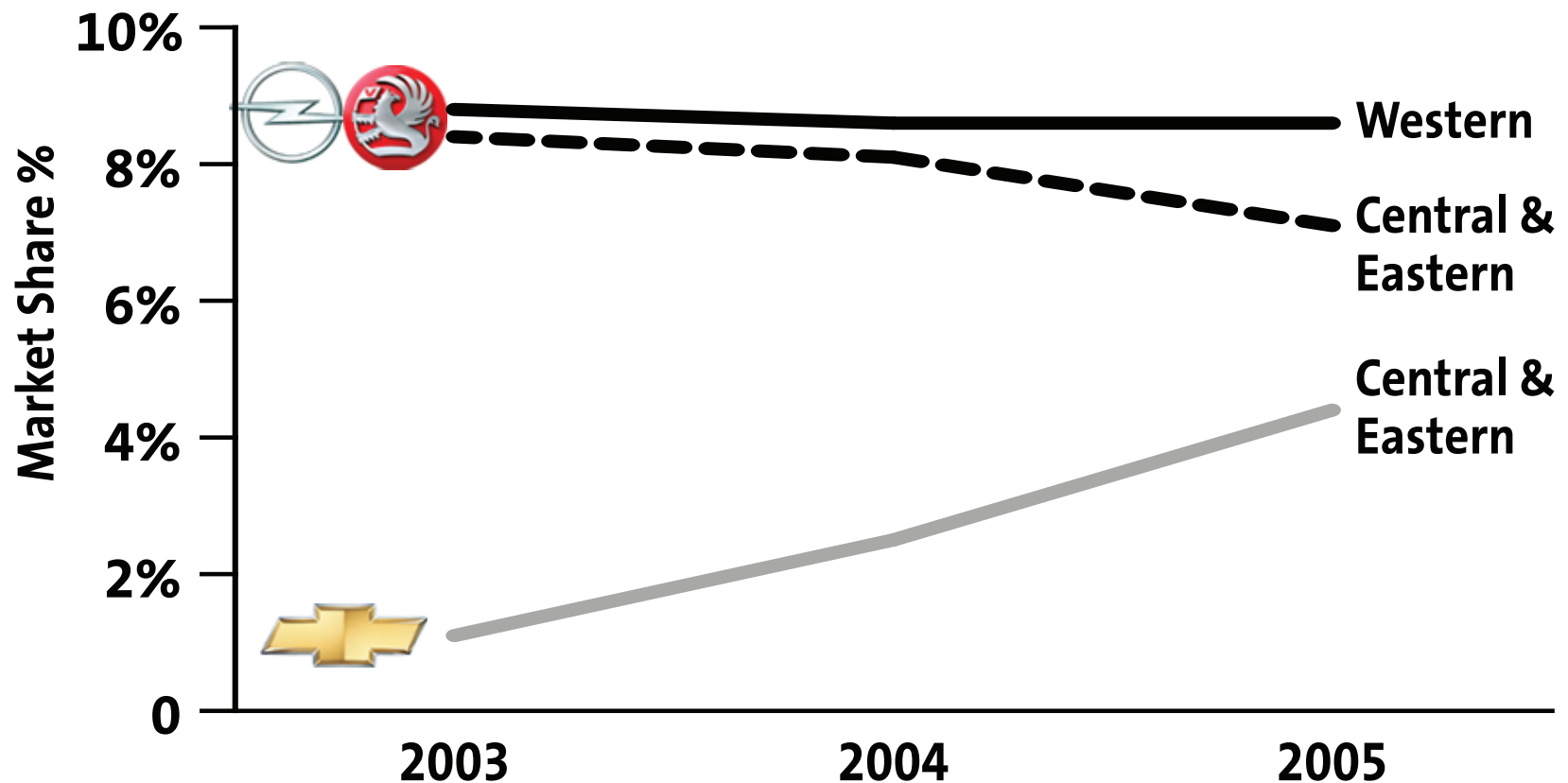
# ***GME Market Share – Total Europe***

## **Vehicle Registrations**



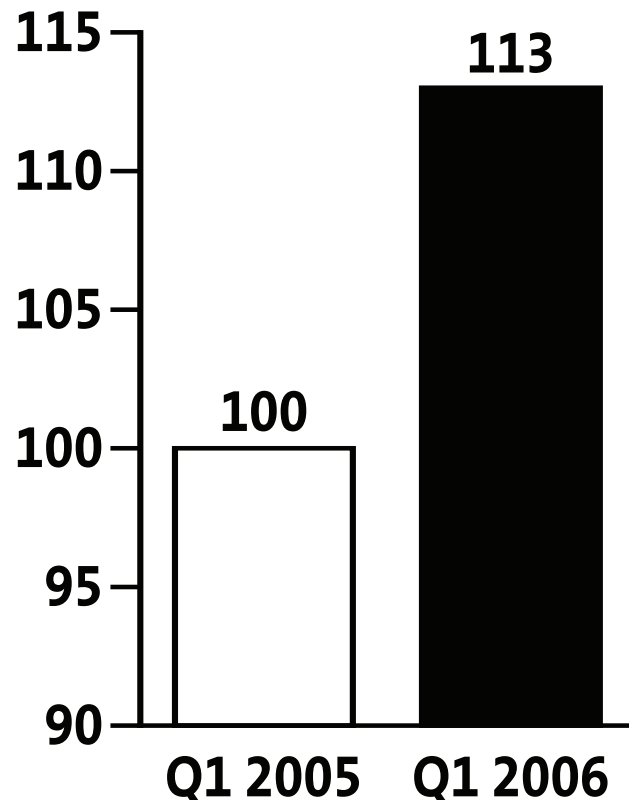
# Regional Multi-Brand Synergies

*Chevrolet Protects Opel Margins with Focus on Emerging Europe*



# Improving Quality of Share

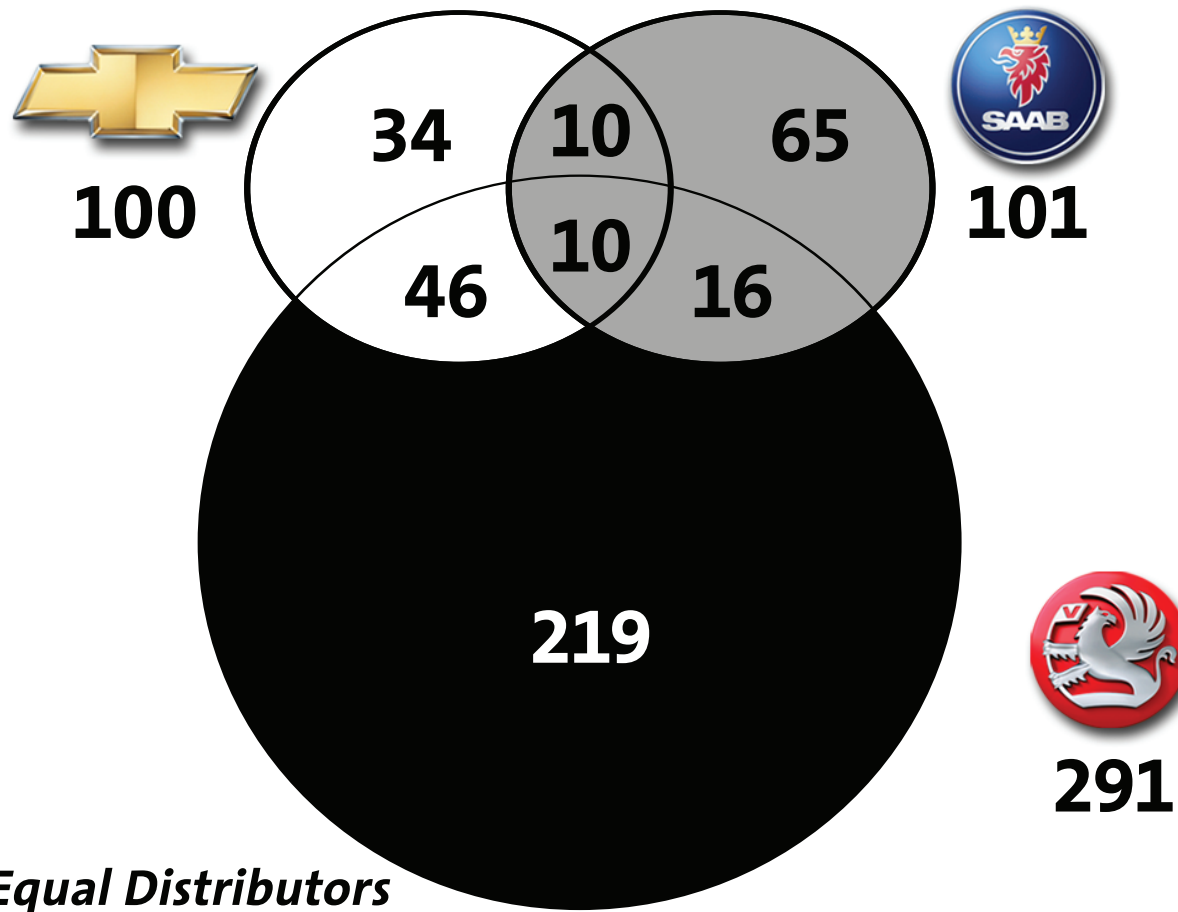
Q1 Aggregate  
Contribution Margin - Indexed



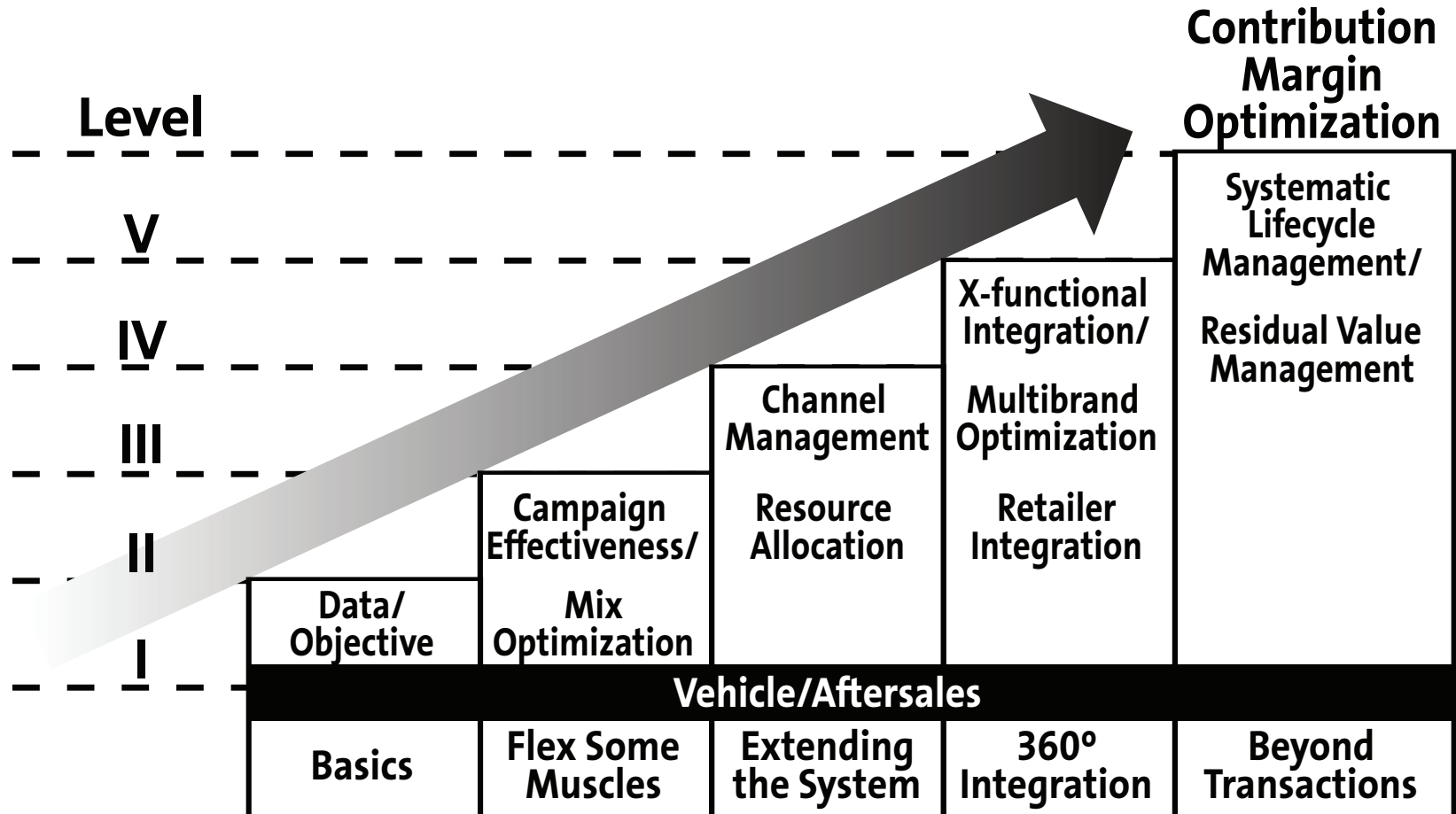
- Volumes flat y-o-y
- Favorable net price over last 3 quarters
- Net sales up \$640M  
\$1,500 per unit

# Multi-Brand Network – Example UK

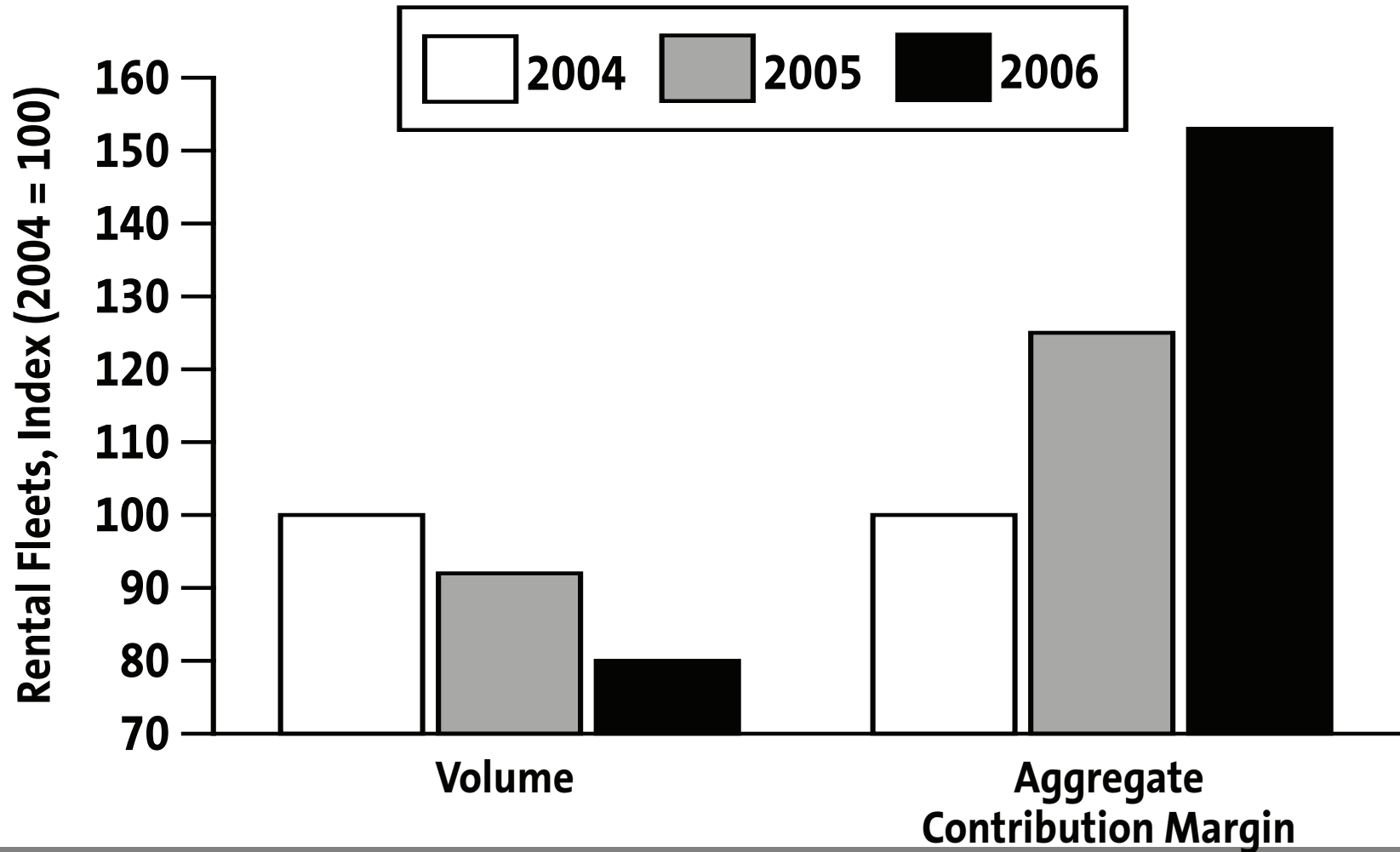
*Multi-Brand Portfolio Management Extends to the Network Footprint*



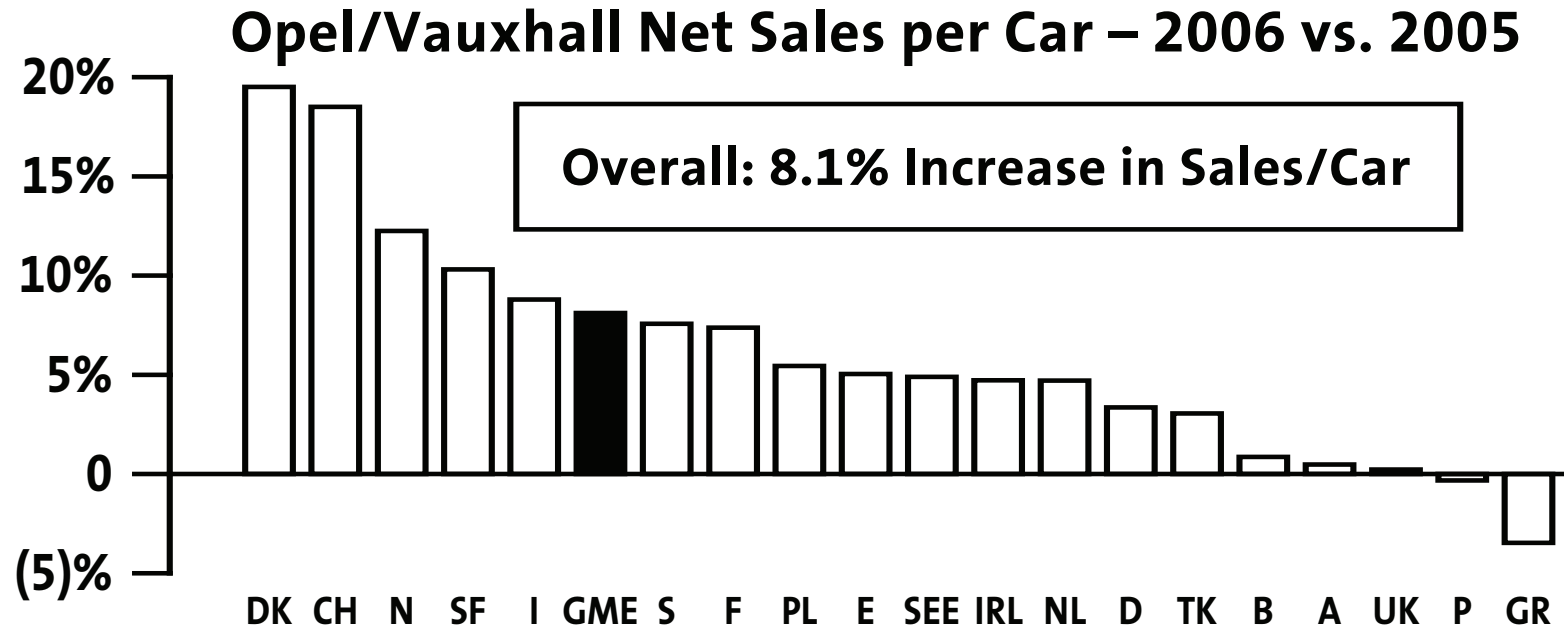
# Building Revenue and Contribution Margin Capability



# *Benefits of Rebalancing Fleet Mix*



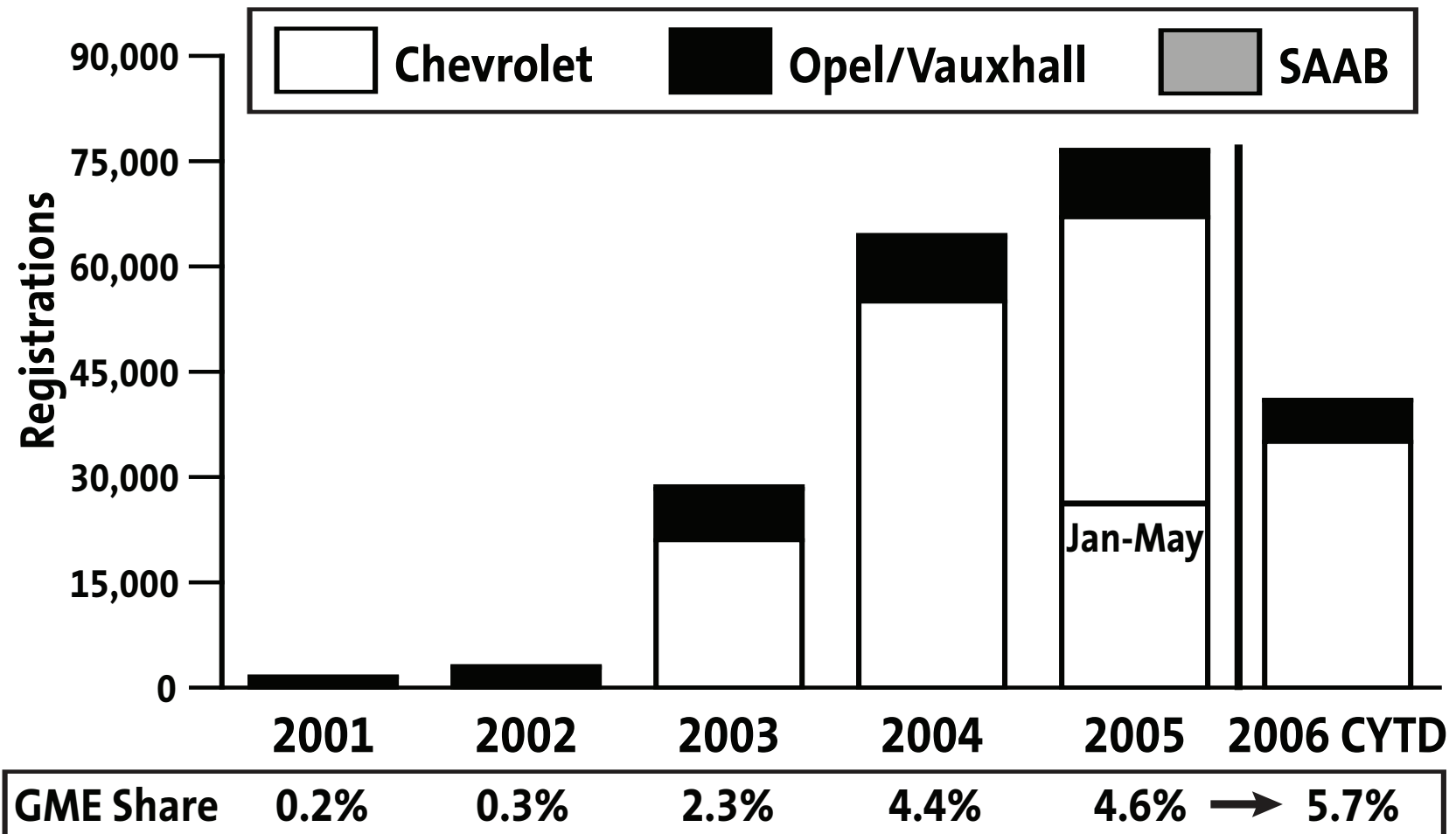
# Aftersales Update



- Growth in sales per car in 17 of 19 key markets in 2006
- Refined pricing strategies
- Optimized freight logistics via improved inventory planning

Memo: Sales/car based on 10-year Carpark

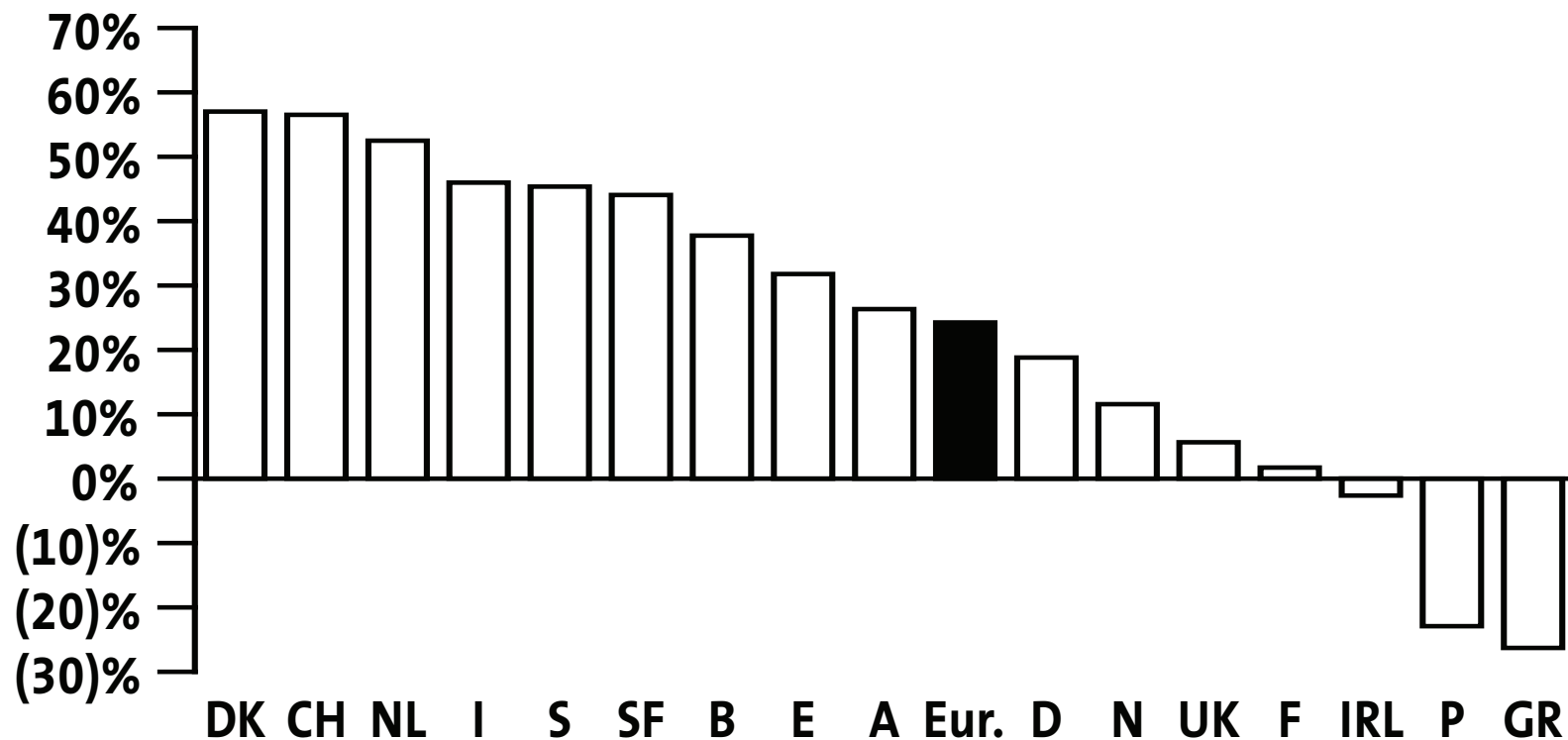
# ***Growth – GME Well Positioned to Benefit from Surging Russian Demand***



# ***Growth: New Product Begins to Boost SAAB***

***12 out of 15 Countries with Positive Performance vs. YTD 2005***

**SAAB Registrations Jan.-May 2006 vs. Prior Year**



# ***Growth: Astra European #2***

## ***Steadily Closing the Gap to Golf***

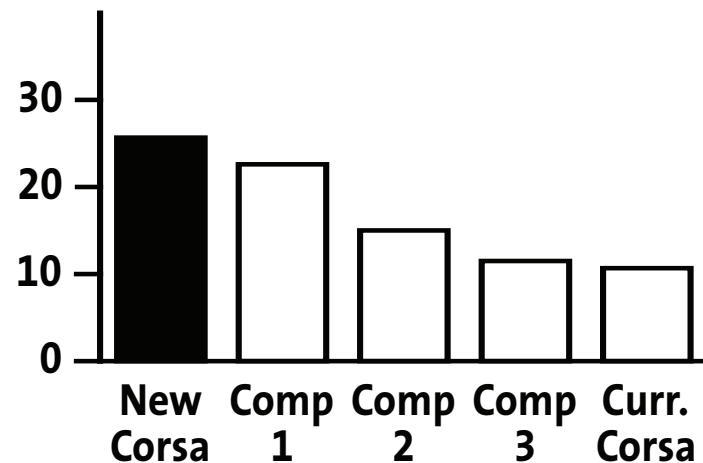
### **Gap Separating Astra from Golf Registrations in Europe**



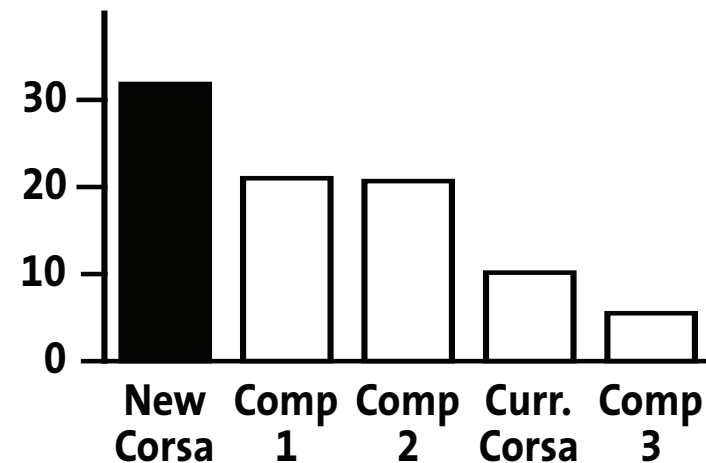
## ***New Corsa – Encouraging Early Customer Feedback***

- Extremely positive research results
- In all markets, Corsa was seen as most appealing car
- Corsa was considered very sporty, eye catching with strong character

### **1st Choice Exterior**



### **1st Choice Interior**



# *Summary*

- GME Turnaround on-track
  - Delivering structural cost reductions
  - Building revenue momentum
- Brand health recovering
- Still hard work ahead