

# ***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.



GMNA

# Turnaround

**Rick Wagoner**  
*Chairman & CEO*

# General Motors

	GMNA	GME	GMAP	GMLAAM	GMAC
Product Development					
Manufacturing/Labor Relations					
Purchasing					
Powertrain					
Sales/Service/Marketing					
Quality					
Human Resources					
Finance					
R&D/Strategic Planning					
IS&S					
Communications					
Legal/Public Policy					

# ***Globalizing General Motors***

- Global management of key functions moving at rapid pace
  - Benefitting from ground work of past decade
  - Well accepted by organization
  
- Provides ability to deepen expertise and leverage it consistently around the world
  
- Tangible results being realized in key areas
  - Product Development
  - Purchasing
  - Manufacturing
  - Powertrain
  - Global Brand Strategy

# 2005 Priorities/Targets

## ■ Priorities

- \$4.00-\$5.00 EPS\* (R)
- Operating cash flow of \$2B\*\* (R)
- Capital spending of \$8B (G)
- Grow global volume (G)

## ■ Regional/Sector Income Targets

- North America: \$500M (R)
- Europe: \$(500)M (G)
- LAAM: \$100M (G)
- Asia-Pacific: \$600M (G)
- GMAC: >\$2,500M (G)

\* EPS excluding any special items; at current dilution levels

\*\* Excludes any one-time items

# ***GMNA 2005 CYTD Results***

	1st Half	Versus Prior Year
Net Income*	\$(2.5)B	Down \$3.3B
U.S. Market Share**	27.1%	Flat
– Retail Share**	25.6%	Up 0.6 p.p.
– Daily Rental Volume**	429K units	Down 49K units or 10%
U.S. Inventory**	696K units	Down 465K units
Annual Capacity	5.0M units	Down 700K units

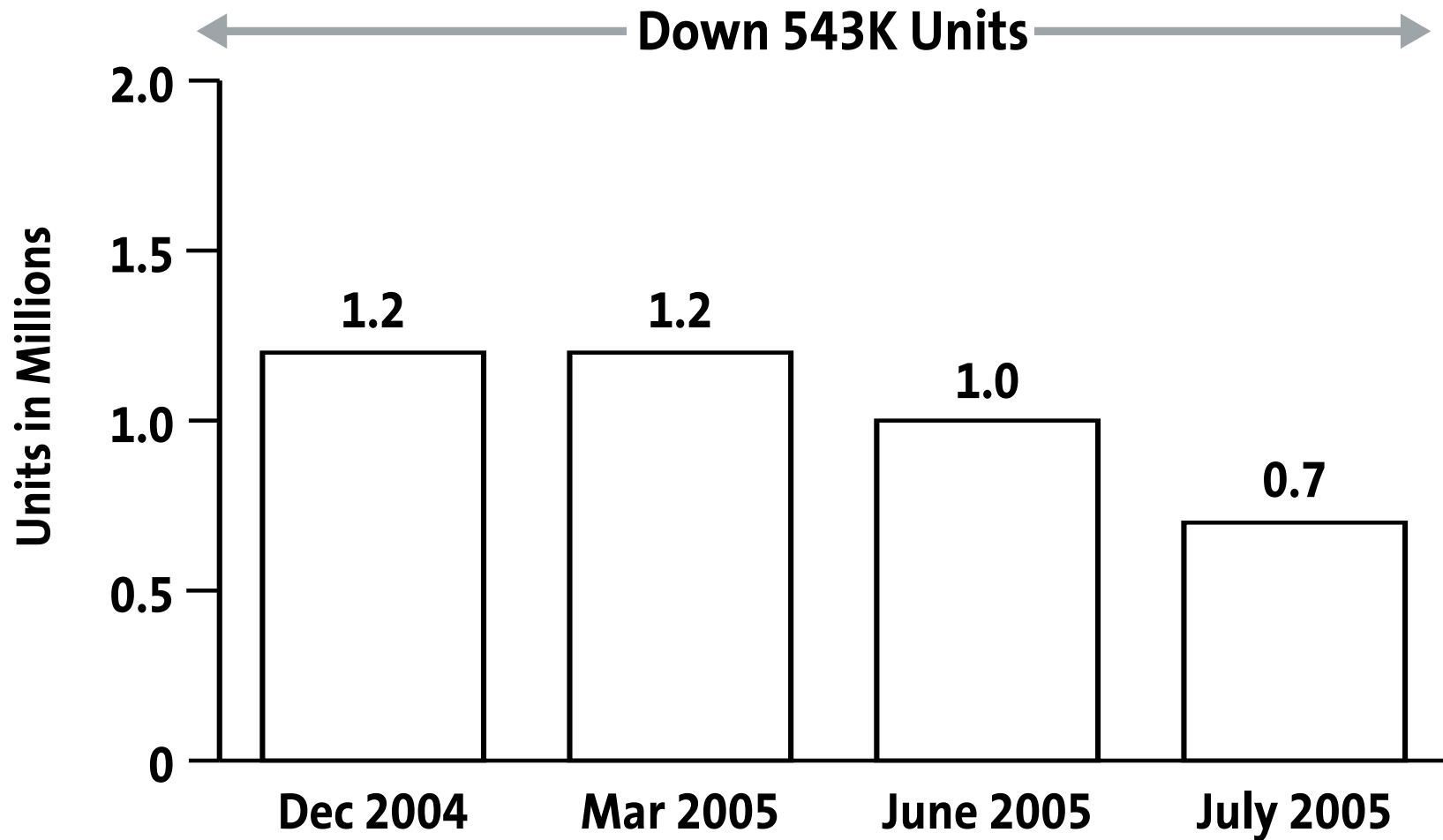
\* Adjusted basis, see Q2 Earnings Release on GM website for reconciliation to GAAP figures

\*\* Updated through July 2005

# ***What Happened at GMNA in 2005?***

- Weaker sales mix
- Increased brand-building marketing spend
- Pressure on material cost, including cost of product excellence
- Higher health care costs
- Significant reduction in dealer inventories

# ***U.S. Dealer Inventory***



# ***GMNA Turnaround Plan***

- Product excellence
- Revitalize sales and marketing strategy
- Accelerate cost reduction and quality improvements
- Address health care burden

# ***Progress in Product Excellence***

- Strong sales of recent launch products
- Focus on “Best Products” paying dividends with enthusiast press, others
- New products in 2006/2007 concentrated in most profitable/largest/fastest growing segments
- Going forward, will reap significant benefits from global product development
  - Tightly integrated brand and product strategy
  - Fewer entries, shorter lifecycles

## ***Product Excellence – Fuel Economy Leadership***

- GM leads in number of products getting 30 mpg or more
- Intense focus on range of fuel economy improvement technologies
  - Industry leader in E85 flexible fuel vehicles
  - Aggressive roll-out planned for Displacement on Demand and Six Speed transmissions
  - Global diesel strategy will offer options in North America
  - Leading position in Fuel Cell technology
  - Hybrid partnerships

## ***Progress in Sales and Marketing Strategy***

- Clear alignment of brands/products/distribution
- First step in shifting to value focus successful: moving to next phase
- Focus on key markets
- Clear roadmap on distribution channel

# *Progress in Quality*

- Consistent recognition for quality achievement
  - J.D. Power
  - Strategic Vision
  - Leveraging in advertising
- “Moving Left” in vehicle development process
- Outlook for 2006/2007 launches very solid

## ***Progress in Cost Reduction***

- Intense focus on high leverage areas
- Enhance sourcing footprint – leverage low cost country presence, global architectures
- Achieve productivity improvement targets and targeted manning levels
- Increase capacity utilization

# ***Address Health Care Burden***

- Biggest uncompetitive “line item” is health care
  - Cost disadvantage of over \$4 billion vs. Toyota, others
- Currently in active discussions with UAW

## ***GMNA Performance – Key Drivers for 2006 CY***

■ Volume / Mix



■ Net Price



■ Material



■ Health Care



■ Structural Cost / Other



# *Closing*

- Transitioning to run business with strong focus on global leverage of key functions
  - Yielding results already, will see much more
- All business units except GMNA remain on or above track
- GMNA Turnaround Plan being implemented in vigorous and highly focused manner
  - Progress encouraging, much work to do