PO Box
8152 Glattbrugg/Zurich
Switzerland

Telephone: +41 1 828 25 41
Fax: +41 1 828 25 35
www.gmeurope.com

General Motors Europe Ltd

Structure

In 1923 GM opened its first assembly operation outside North America – GM International in Copenhagen, Denmark. One year later, GM Continental in Antwerp, Belgium, became the second assembly operation. Initially, both operations assembled Chevrolet cars. In 1925, GM acquired Vauxhall Motors in Luton, UK. Four years later, in 1929, GM acquired Adam Opel in Germany. In 1989, GM acquired 50% of Saab Automobile, Sweden. Then, the company established joint ventures with RABA in Hungary and with Automobilwerke Eisenach (AWE) of East Germany in 1990. More recently, joint ventures were concluded with FSO in Warsaw, Poland, in 1992, and with ELAZ in Tatarstan, in 1995. GM acquired the remaining 50% of Saab Automobile in 2000. General Motors Europe, which has its headquarters in Zurich, was established in 1986.

In 2000, GM and Fiat reached agreement on an alliance, with GM taking a 20% stake in Fiat Auto and the Italian company taking a 5.1% stake in GM. Giovanni Agnelli, honorary chairman of the Fiat group, has since said that Fiat will not ask to use the put option which covers the remaining 80% of Fiat Auto. Under the alliance, GM and Fiat agreed to set up purchasing and powertrain joint ventures.

In order to optimise GM's expanding multi-brand product offering for the customer, efforts to significantly strengthen the GM presence on a national level are planned by means of consolidating local Opel and Saab distribution organisations under a GM umbrella organisation. This new approach will increase the focus on the GM brand and provide a flexible multi-brand platform that can accommodate potential future additions. A phased approach will be taken to implement this concept in selected European countries. GM expects to gain efficiencies resulting from combined back-office functions, while maintaining separate customer-facing operations that are brand specific. The new concept has already been implemented in Russia and Turkey, it is under way in Norway and Austria, and studies for Denmark, Finland and France have been initiated. In the area of fleet sales, Saab will increasingly utilise Opel/Vauxhall's know-how. The company expects to achieve synergies, particularly in the area of major account handling, and, at the same time, increase Saab fleet sales.

GM has further announced that it is investigating whether, on a marketing, wholesale and retail level, Cadillac could make use of Saab's expertise in catering to the specific requirements of the European luxury car buyer.

GM has said that it has no intention of acquiring Fiat Auto before Fiat's put option date in 2004, despite reports that it has commissioned a study on a takeover. GM has said that it is always taking advice from its banks and wants to be prepared, financially and operationally, should Fiat exercise the option. GM has repeated that it has not held any discussions with Fiat on moving the put option forward.

In 2002, GM announced that it will jointly develop with Fiat components and systems for future small cars in Europe. The joint development will not affect the branding of the vehicles and should permit greater efficiency to be achieved. The output will eventually be used by the Fiat and Opel engineering centres as the starting basis for engineering distinctive vehicles. The centre will be headed by Ulrich Schmalohr, currently Opel's chief engineer for small cars, with Giorgio Comacchia of Fiat as chief engineer in the new joint development team.

With regards to Daewoo, GM wants Daewoo to take 3% of the European market in five years. This is the equivalent of 450,000 sales a year. Daewoo sales in Europe reached a peak of 201,534 units in 2000, with market share of 1.36%. Share fell to 0.85% in 2001. A new company, GM Daewoo Auto & Technology Europe, started operations in September 2002, headed by Erhard Spranger, who was head of Opel in Turkey. The new company will take over Daewoo's sales subsidiaries in Europe and will distribute the small Kalos model from September 2002 and the Magnus, which replaces the Leganza, shortly afterwards. The Daewoo subsidiaries in Romania, Uzbekistan and Ukraine, will continue to receive kits from Korea for three years, while Daewoo Poland will continue to receive them for two years. These companies will no longer export cars to western Europe and use of the Daewoo brand will end when kit supply ends.

Alliances

Honda and GM plan to team up over vehicle recycling in Europe. Honda will use the GM group's recycling network to collect scrapped vehicles across Europe, and the two car makers will also exchange information on technology to disassemble vehicles and produce recycle-friendly automotive parts. The alliance is intended to reduce costs because regulations requiring automakers to collect scrapped vehicles free of charge were expected to be introduced in Europe from July 2002.

MMC Norilsk Nickel: In October 2002, GM and MMC Norilsk Nickel signed a long-term palladium, platinum and rhodium supply contract. For Norilsk, the deal forms parts of a strategy to boost the number of long-term deals with end-users to ensure stability of platinum group metals deliveries and prices.

AvtoVAZ In June 2001, GM signed a General Framework Agreement for a joint venture with AvtoVAZ, the Russian car manufacturer. Under the terms of the agreement, GM and AvtoVAZ each hold a 41.5% stake in the joint venture and the remaining 17 % share is owned by the

EBRD. The project is worth $332 million. The venture's vehicle, based on a Russian-developed platform, will be sold in Russia under the name Chevy Niva. Production is expected to reach 75,000 units annually. The start of production in Togliatti, about 1,000 kilometers south-east of Moscow, is planned for 2002. Full capacity should be reached in 2004. The venture plans to export up to 40,000 vehicles to Western and Central Europe and to Mexico, with possible exports to additional countries. No exports are planned to the USA or Canada. GM will have day-to-day management control of the joint venture. The board of directors will include three representatives from GM, three from AvtoVAZ and one from the EBRD. The chairman will be selected by AvtoVAZ.

The GM/AvtoVAZ joint venture in Russia is to produce the Opel Astra. A $100m Eurobond is to be issued in 2003 to help finance production, which is due to start at the beginning of 2004. The Togliatti-based venture needs $1.05bn over the next five years. It already produces the Chevrolet Niva and should reach capacity of 35,000 units of the model in 2003. At full capacity, the plant will produce 75,000 cars a year, of which up to 40,000 will be for export.

In March 2003, it was reported that Opel had reached an agreement with Zao Zaz, the largest vehicle producer in the Ukraine, on the assembly of the Vectra, Astra and Corsa models.

Opel has also granted UkrAvtoZAZ exclusive rights to import and market Opel-brand vehicles and parts.

GM and AvtoVAZ are considering setting up another joint venture to produce Opel engines, according to John Milonas, head of GM-AvtoVAZ. No further details have been given.

GM and Fiat are to start the cross-supply of engines in 2002 with the Fiat 1L FIRE petrol engine appearing on the Chevrolet Celta built in Argentina. In the same year, Opel will introduce a 16v version of the Fiat 1.9L common-rail diesel unit on the Astra range in Europe. The Fiat Stilo, to be produced in Brazil by late 2002, will be powered by GM Chevrolet petrol engines. Alfa Romeo will use Opel's 2.8L and 3.2L GDI V6 engines and will stop using its own V6s produced at the Arese plant. Fiat will phase out production of its 1.6L Torque petrol engine produced in Turin and the 2L and 2.4L 5-cylinder engines produced in Pratola Serra. These will be replaced by the Opel Family 1.6L to 2.2L 16v Ecotec units. Opel will eventually drop the Isuzu-built 1.7L and 1.9L turbodiesel, which will be replaced by new Fiat 16v common-rail diesels.

The GM/Fiat joint venture, Fiat-GM Powertrain is expected to generate

Euro 1.8bn in savings over the next six years. Euro 735m will be saved by 2005 and Euro 1.1bn in 2006-07. The unit is also seeking to reduce costs and may cut jobs, as well as supply engines and transmissions to other car producers.

The venture was to acquire the engine and gearbox operations of Tofas in a deal worth Euro 66.06m, plus Euro 7.42m for in-stock equipment, renting facilities from Tofas in Turkey and starting production in August 2001.

In March 2003, Fiat and GM were reported to be at an 'analytical phase' in their convergence plan for the C-segment, according to Fiat. They are expected to develop a common platform for future generations of the Fiat Stilo and Opel Astra. An all-new Astra is to be presented at the Frankfurt Motor Show and go on sale early in 2004. The new model uses an evolution of the current Astra T-platform. The Middle Range Architecture platform would be the basis of the replacements for the Stilo in 2007 and the eventual successor to the new Astra.

Existing common platforms with GM provide a 5% reduction in development costs, but the aim is to achieve 10%. The Premium Vehicle Architecture project has been developed by Saab and Alfa. Alfa will use the platform for its Project 929 saloon and estate that will replace the 156 and also for new versions of the current Spider and GTC Coupe. Saab has abandoned plans to use the Premium architecture for the 9-5 replacement and the next-generation 9-3. The Small Vehicle Architecture will be seen first in the 2005 Fiat Punto replacement, which will also serve as the 2006 Palio successor. The 2006-07 Corsa replacement will also be derived from the platform, as will the successors to the Lancia Ypsilon, Fiat Idea and Opel Meriva.

Opel is expected to end its almost 20-year old collaboration with Bertone. Bertone will lose the development and production of a coupe-cabrio based on the Astra C. Since the temporary stop on production of the BMW C1 scooter at the end of 2002, production of the Astra coupe and convertible is Bertone's main source of income. Auto Magna in Austria will develop the replacement for the Astra coupe-cabrio, which is due in 2005 and which will have a folding hard top.

GM's Global Network of Partners

COUNTRY	COMPANY	YEAR	INTEREST EQUITY
Australia	Isuzu – General Motors Australia Ltd	1988	40%
China	Jinbei GM Automotive Company Ltd	1992	50%
China	Shanghai GM Corp Ltd	1997	50%
China	Pan Asia Technical Automotive Centre Co Ltd	1997	50%
Ecuador	OBB	1981	51%
Ecuador	AYMESA	1982	41%
Egypt	General Motors Egypt SAE	1983	31%
Japan	Isuzu Motors Ltd	1971	49%
Japan	Suzuki Motor Company	1981	10%
Japan	Fuji Heavy Industries (Subaru)	1999	20%
Kenya	General Motors Kenya Ltd	1977	42%
Russian Federation	AvtoVAZ	2001	42%
South Africa	Delta Motors Corp Ltd	1997	49%

Employees

73,000

Product Range

Opel/Vauxhall: Agila, Corsa, Combo Tour, Astra, Astra Coupe, Astra Cabrio, Meriva, Zafira, Vectra, Signum, Omega, Speedster, Frontera, Corsa Van, Combo, Astra Van, Vivaro, Movano

Saab: 9-3, 9-5

Product Developments

Signum: The new Opel Signum went into production at the new Ruesselsheim plant on 6 January 2003. Opel plans to produce 70,000 units in 2003. The Signum will be built on the same line as the Vectra.

GEN III. The development team at GAPC (GM and Opel's joint Global Alternative Propulsion Center) has presented the world's first gasoline fuel processor for fuel cell propulsion, packaged in a Chevrolet S pick-up truck. The Gen III processor extracts hydrogen from the fossil fuel to feed the fuel cell stack. The prototype features an optimised fuel cell stack, which, in conjunction with the processor, generates 25 percent more power, is far more compact and weighs half as much as its predecessor. Alternative propulsion specialists at GAPC regard on-board gasoline powered fuel cells as an interim strategy until an effective hydrogen infrastructure is in place.

In 2002, GM announced its aim to reduce use of platinum group metals (PGM) in vehicles by 17% by 2006 by the use of improved anti-pollution technology. Between 1999 and 2001, GM reduced the amount of platinum, palladium and rhodium used in catalytic converters by 45%. GM is certifying to a higher emissions standard effective 2004. GM engineers have been instructed to estimate future loadings of not

more than 1.5g of platinum, 3g of palladium and 0.3g of rhodium per vehicle. GM is also working on fuel cells as an alternative to internal combustion engines. Fuel cells now use around 2oz of PGM per unit. Russia accounts for around two-thirds of global palladium production and a fifth of platinum production. There have been complaints in the past from car producers of unexplained disruptions in Russian shipments. In 2001, Ford took a $1bn charge on its PGM stockpile after prices slumped.

As part of its centenary celebrations, Vauxhall presented the VX Lightning, a 2-seater concept car. The roadster is based on the same technical foundation as the Pontiac Solstice concept, but has been designed for British tastes at GM's UK Advanced Design Studio. The VX Lightning is powered by a new version of the all-aluminium 2.2L Ecotec engine, with a supercharger to produce maximum power of 240hp and 305Nm. The engine is mated to a 6-speed manual gearbox. The independent suspension is all aluminium and weight distribution is 50:50. The car has rollover hoops sculptured into the rear deck and bodywork which flows down into the cabin. At present, there are no plans to produce the concept, but public reaction will be closely monitored.

Vauxhall is introducing a range of newly developed Ecotec petrol and diesel engines, all of which meet Euro 4 norms. The new 1L and 1.4L petrol engines, which use twinport technology, will be introduced on the face-lifted Corsa in summer 2003. The new engines achieve fuel savings of up to 23% compared with current models, depending on the gearbox. The 1.3L CDTI Ecotec 70hp diesel will also make its debut on the Corsa. It is the smallest 4-cylinder common rail turbodiesel engine in the world. Fuel consumption is 58.3mpg. Vauxhall's first petrol direct injection engine, the 2.2L Direct Ecotec 155hp, will appear initially on the Signum and then in the new Vectra estate. Fuel consumption is 6% better than with the conventional 2.2L manifold injection engine.

In May 2003, Opel was reported to be considering renewing its 4x4 range, which for 12 years has consisted solely of the Frontera. The project, codenamed Bluecar, is at a very early stage, as the producer is first waiting for financial returns from the launch of new models, such as the Astra, Vectra Caravan and Corsa. The new model could use the Theta platform on which the GM Saturn Vue is based.

Opel is planning to present a concept for a successor to the Omega at the 2003 Frankfurt Motor Show. The new model would compete with Audi, BMW and Mercedes-Benz models. The concept will be almost

ready for series production. Opel has declined to comment on the reports, but sources say that the new model will be powered by an 8-cylinder engine at least. The car is expected to be developed jointly with Holden and will be introduced in 2005 at the earliest. Production of the Omega ended in June 2003.

Plants

GM Europe has 16 Opel/Vauxhall production sites in ten countries in Europe, while products bearing the Opel brand, including vehicles based on Opel technology, are manufactured in an additional 16 plants on four continents.

Plants in Colombia, Ecuador, Egypt, India, Indonesia, South Africa and Venezuela assemble CKD units. The factories in Mexico, Brazil and Australia are totally independent manufacturers of complete vehicles and components.

Plant Highlights

GM/Opel's plant at Figueruelas in Spain is to be the sole unit producing the new Meriva for the European markets. The Latin American market will be supplied from the Sao Jose dos Campos plant in Brazil under the Chevrolet badge. With the Meriva, Figueruelas will be working at full capacity. Initial forecasts are for production of around 920 units a day, with the Corsa accounting for the remaining capacity. Some Corsa production could be transferred to the Eisenach plant in Germany should demand for the Meriva exceed expectations. Series production of the Meriva started on 7 January 2003. Output in the first year will total 170,000 units.

Opel Espana plans to produce 200,000-220,00 units of the Meriva a year when full production is reached.

In April 2003, GM said it was to invest several hundred million dollars in its plant at Gliwice, Poland, for the production of the second-generation Opel Astra and spare parts for the model.The investment comes under an offset agreement, in the form of direct US investments, for the acquisition by Poland of 48 Lockheed Martin F-16 combat aircraft.

In May 2003, GM announced that it is to invest £80m in the Vauxhall plant at Ellesmere Port, to enable production of the Astra there.

In June 2003, it was reported that production of the Opel/Vauxhall Frontera is to cease by the end of 2003. The Frontera, which was introduced in 1991, is produced at the IBC plant in Luton, UK. Only around 7,000 units will be produced in 2003, compared with a peak of 37,500 in 1993.

Opel is investing Euro 70m in its Opel Powertrain diesel engine plant in Kaiserslautern. Opel Powertrain will produce a new generation of 1.9L Euro 4 diesel engines a the plant from 2005. Two versions are planned: an 88kW, 280Nm unit, and a 110kW, 315Nm. August Trenkle, plant manager, has said that Opel expects demand for frugal, quiet and low-emissions diesel engines to grow. Output will be up to 150,000 units a year, with an increase to 240,000 possible.

GM Europe Manufacturing Companies/Plants

COUNTRY	COMPANY	LOCATION	WORKFORCE	PRODUCTION
Austria	Opel Austria GmbH	Aspern	2500	Engines, transmissions
Belgium	Opel Belgium NV	Antwerp	6700	Astra
France	Opel France	Strasbourg	2000	Transmissions
Germany	Adam Opel AG	Ruesselheim	6,700	Vectra, Omega, Cadillac Catera, transmissions
Germany	Adam Opel AG	Bochum	12600	Astra,Zafira, engines, transmissions
Germany	Adam Opel AG	Eisenach	1900	Corsa, Astra
Germany	Adam Opel AG	Kaiserslauten	4400	Engines
Hungary	Opel Hungary	Szentgotthard	1100	Vectra, engines
Poland	General Motors Poland	Gliwice	1100	Astra, Agila (start of sales in 2000)
Poland	General Motors Poland	Warsaw	200	Vectra
Portugal	Opel Portugal SA	Azambuja	1000	Corsa, Corsa Van, Combo
Russian Federation	GMODC Moscow	Yelebuga	50	Chevrolet Blazer
Spain	Opel Espana	Zaragoza	8700	Corsa, Tigra
Turkey	Opel Turkiye	Torbali	300	Vectra
Sweden	Saab Automobile AB	Gothenborg	500	Transmissions
Sweden	Saab Automobile AB	Sodertalje	600	Engines
Sweden	Saab Automobile AB	Trollhattan	6000	Saab 9-3, Saab 9-5
UK	Vauxhall Motors Ltd	Ellesmere Port	4000	Vectra, Astra, Wagon/Van, V6 Engines
UK	IBC Vehicles Ltd	Luton	4900	Vectra
UK	IBC Vehicles Ltd	Luton	1600	Frontera

Production

Production Highlights

Bob Lutz, head of development at GM, wants to produce a future Cadillac model in Europe. This would considerably increase acceptance of the Cadillac brand in Germany and other European countries, and also reduce currency risks. The vehicle is to be built at an Opel plant. Mr Lutz gave no details of the model and when production would start.

GM Europe Production By Plant

COUNTRY	LOCATION	ASSEMBLY	PRODUCTION	WORKFORCE
Germany	Ruesselsheim	Vectra	184,300	6,400
		Omega	31,700	
		Signum	130	
	Bochum	Astra	69,300	8,300
		Zafira	222,700	
	Kaiserlautern	Engines		
	Eisenach	Corsa	82,400	1,900
		Astra	57,200	
UK	Luton	Vectra	17,000	2,500
		Frontera	12,900	
		Vivaro/Trafic C	79,200	
	Ellesmere Port	Astra	60,200	3,800
		Vectra	51,800	
Belgium	Antwerp	Astra	297,600	4,500
Poland	Gliwice	Agila	79,300	1,600
		Astra Classic	9,400	
Portugal	Azambuja	Combo	57,000	1,200
Spain	Zaragoza	Corsa/Corsa Van	379,400	8,200
		Meriva	350	
Sweden	Trollhattan	Saab 9-3	47,100	6,400
		Saab 9-5	56,800	
Other production of GM vehicles				
UK	Norwich	Speedster/VX220	2,100	
Finland	Uusikaupunki	Saab 9-3 Conv./ 9-3 3/5 door	18,000/2,300	
France	Batilly	Movano	16,400	
Italy	Turin	Astra Coupe	14,300	
		Astra Cabrio	21,000	

GM Group Sales in Europe 2002

COUNTRY	OPEL	SAAB	OTHER GM	TOTAL GM	MARKET SHARE %
Western Europe	**Units**	**Units**	**Units**	**Units**	**Units**
Austria	28,700	200	400	29,300	9.9
Belux	53,400	2,700	300	56,400	10.6
Denmark	6,600	400	100	7,100	7.5
Finland	11,700	1,800	200	13,700	12.5
France	137,900	3,700	700	142,300	6.3
Germany	396,000	8,100	2,600	406,700	12.2
Greece	29,000	400	100	29,500	12.2
Ireland	15,200	1,000	...	16,200	9.9
Italy	221,900	3,200	300	225,400	9.2
Netherlands	68,900	4,200	800	73,900	13.9
Norway	8,000	2,100	...	10,100	11.0
Portugal	32,500	300	...	32,800	12.9
Spain	161,400	4,400	400	166,200	11.7
Sweden	12,700	24,600	1,500	38,800	15.8
Switzerland	32,800	2,500	1,100	36,400	11.7
UK	310,200	15,500	400	326,100	13.3
Passenger Cars	**1,526,900**	**75,100**	**8,900**	**1,610,900**	**10.9**
CVs	**76,300**	**600**	**2,400**	**79,300**	**3.6**
Central Europe	**Units**	**Units**	**Units**	**Units**	**Units**
Czech - Slovak Rep.	11,600	100	...	11,700	5.4
Poland	28,000	200	...	28,200	8.6
Turkey	15,000	100	...	15,100	11.1
SE Europe	35,900	400	...	36,300	9.5
Passenger Cars	**90,500**	**800**	**...**	**91,300**	**8.6**
CVs	**3,300**	**...**	**...**	**3,300**	**1.8**
Total Vehicles	**93,800**	**800**	**...**	**94,600**	**7.6**

Western & Central Europe	Units	Units	Units	Units	Units
Passenger Cars	1,617,400	75,900	8,900	1,702,200	10.7
CVs	79,600	600	2,400	82,600	3.5
Total Vehicles	1,697,000	76,500	11,300	1,784,800	9.8

Sales

In 2002 GM Europe achieved total vehicle sales in western and central Europe of 1.64m units, representing a market share of 9.2%.

Opel/Vauxhall total sales reached 1.56m vehicles, resulting in a market share of 8.8%.

Financials

In 2002, GM Europe's adjusted loss was $549m compared with $767m in 2001.The drop was attributed to material, structural, and other cost improvements. This was partially offset by a decrease in wholesale volumes driven a weak European industry and continuing competitive pricing pressures.

Prospects

Saab is aiming to break even in 2004, helped by the restructuring programme announced in November 2002.

Peter Augustsson, head of Saab, has said that the restructuring, which includes 1,400 job losses, will reduce breakeven point to an annual sales level of 130,000-140,000 cars. In 2002, Saab sold around 120,000 cars and sales should be boosted over the next few years by the new 9-3. Production of the 9-3 and 9-5 is being moved to the same assembly line and engineering operations are being integrated with GM Europe.

Opel Espana is hoping the launch of production of the Meriva at the Figueruelas plant and its cost-cutting efforts will take it back into the black in 2003, after three years of losses. Output should reach 458,000 units in 2003, with the plant operating at maximum capacity. In 2002, Opel Espana made a loss of Euro 64.5m, 20% down on 2001, while revenues rose by 3.3% to Euro 5,351m.

Opel is sticking to its ambitious profit target, despite the decline in the European car markets. Carl-Peter Forster, chairman, is planning to achieve an operating profit by the fourth quarter of 2003 through additional cost cuts. In the first five months of 2003, Opel sales in Germany rose by 9.7% to 150,000 units, while sales in western and central Europe as a whole fell by 2%. According to Mr Forster, June was a 'dreadful' month.

In July 2003, GM reaffirmed that it will make a loss of up to $200m on its European operations in 2003, and that it will return to profit in 2004.

In January 2003, GM set a target for Europe of results ranging from break-even to a loss of around $200m for 2003, compared with a loss of $549m in 2002. In the first half of 2003, GM Europe made a loss of $68m and the second half is always weaker in Europe. GM Europe has failed to meet its stretch target for cutting material costs and the strength of the Swedish kroner has hit results at Saab.

GM Europe Key Figures 2002

$M	2002	2001
Reported net income (loss)	(1,011)	(765)
Adjusted income (loss)	(549)	(767)