



# **GM Agreement to Sell Controlling Interest in GMAC**

## **GM Investor Call**

**April 3, 2006**

# Forward Looking Statements

In this report and in related comments by management of GM, our use of the words “expect,” “anticipate,” “estimate,” “forecast,” “initiative,” “objective,” “plan,” “goal,” “project,” “outlook,” “priorities,” “target,” “intend,” “evaluate,” “pursue,” “seek,” “may,” “would,” “could,” “should,” “believe,” “potential,” “continue,” “designed,” “impact,” or the negative of any of those words or 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 when made, these statements are not guarantees of any events or financial results, and GM’s actual results may differ materially due to numerous important factors that may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K. Such factors include, among others, the following: the ability of GM to realize production efficiencies, to achieve reductions in costs as a result of the turnaround restructuring and health care cost reductions and to implement capital expenditures at levels and times planned by management; receipt of regulatory approvals needed to complete the Acquisition; the pace of product introductions; market acceptance of GM’s new products; significant changes in the competitive environment and the effect of competition in the Corporation’s markets, including on GM’s 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; changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates; costs and risks associated with litigation; the final results of investigations and inquiries by the SEC; changes in our accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, including the range of estimates for the Delphi pension benefit guarantees, which could result in an impact on earnings; changes in relations with unions and employees/retirees and the legal interpretations of the agreements with those unions with regard to employees/retirees; negotiations and bankruptcy court actions with respect to Delphi’s obligations to GM, negotiations with respect to GM’s obligations under the pension benefit guarantees to Delphi employees, and GM’s ability to recover any indemnity claims against Delphi; 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 the effects thereof; the effect of a potential sale or other extraordinary transaction involving GMAC on the results of GM’s and GMAC’s operations and liquidity; 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 our mortgage subsidiaries operate, and changes in our contractual servicing rights; shortages of and price increases for fuel; and changes in economic conditions, commodity prices, currency exchange rates or political stability in the markets in which we operate.

In addition, GMAC’s actual results may differ materially due to numerous important factors that are described in GMAC’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: the ability of GM to complete a transaction regarding a controlling interest in GMAC while maintaining a significant stake in GMAC, securing separate credit ratings and low cost funding to sustain growth for GMAC and ResCap, and maintaining the mutually beneficial relationship between GMAC and GM; significant changes in the competitive environment and the effect of competition in the Corporation’s markets, including on the Corporation’s pricing policies; our ability to maintain adequate financing sources; our ability to maintain an appropriate level of debt; the profitability and financial condition of GM, including changes in production or sales of GM vehicles, risks based on GM’s contingent benefit guarantees and the possibility of labor strikes or work stoppages at GM or at key suppliers such as Delphi; funding obligations under GM and its subsidiaries’ qualified U.S. defined benefits pension plans; restrictions on ResCap’s ability to pay dividends and prepay subordinated debt obligations to us; changes in the residual value of off-lease vehicles; changes in U.S. government-sponsored mortgage programs or disruptions in the markets in which our mortgage subsidiaries operate; changes in our contractual servicing rights; costs and risks associated with litigation; changes in our 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; changes in the credit ratings of GMAC or GM; the threat of natural calamities; changes in economic conditions, currency exchange rates or political stability in the markets in which we operate; and changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations.

Investors are cautioned not to place undue reliance on forward-looking statements. GM undertakes no 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.

# Agenda

**Rick Wagoner, GM Chairman and CEO**

**Fritz Henderson, GM Vice Chairman and CFO**

**Mark Neporent, Cerberus COO and Senior Managing Director**

**Eric Feldstein, GMAC Chairman**



**Rick Wagoner**  
**GM Chairman and CEO**

## **Highlights of Transaction**

- **GM has agreed to sell a 51% controlling interest in GMAC to a Cerberus controlled consortium**
  - Consortium includes Cerberus Capital Management, L.P., Citigroup and Aozora Bank Ltd.
  - GM will continue to own 49% equity interest in a stronger GMAC
- **GM expects to realize \$14B cash over three years with \$10B expected by closing**
- **GM and the consortium to invest \$1.9B in GMAC preferred equity to bolster GMAC capitalization**
- **Long-term investor committed to growing GMAC business**
- **GM reserves the right to purchase GMAC Global Automotive Finance Business for 10 years, subject to certain conditions**

# **Benefits of Transaction to GM**

- **Very strong Services Agreements between GM and GMAC to preserve mutually-beneficial historical relationship**
  - Auto Business enhanced by long-term access to cost effective funding
  - GMAC will continue to provide diverse product offerings to GM dealers and customers
- **Significant upfront proceeds to bolster GM liquidity**
  - Important to strengthen our balance sheet and fund our turnaround plan
- **Enhanced GM shareholder value through a stronger GMAC**
  - Enhances value of an important asset
  - GM continues to participate in GMAC's enhanced profitability over the long-term

# **Benefits of Transaction to GMAC**

- **Expect to de-link GMAC's credit rating from GM**
- **Improved access to cost-effective funding to support GMAC's diversified earnings growth**
- **GMAC capital base strengthened via preferred equity investment and earnings retention over time**
- **Steady flow of auto financing volume through 10-year exclusivity agreement**
- **Significant reduction in GMAC unsecured exposure to GM**
- **Long-term investment by consortium**



**Fritz Henderson**  
**GM Vice Chairman and CFO**

# Transaction Summary

**Transaction. . . . . Sale of 51% of GMAC common interest by GM to consortium (Certain retail and lease assets retained by GM)**

**GM Cash Proceeds . . . . . Anticipate \$14B over 3 years**

**Consortium Investors . . . . . Cerberus Capital Management, L.P.  
Citigroup  
Aozora Bank Ltd.**

**Anticipated Closing. . . . . Fourth Quarter 2006**

# **GMAC Credit Ratings**

- **GM did not find a single financial institution to buy a 51% controlling interest in GMAC**
- **However, expect to achieve GMAC credit ratings de-linkage from GM through structured transaction with Cerberus-led consortium**
  - Long-term investment commitment from a controlling stakeholder
  - Significant reduction in GM exposure
  - Sound governance to protect all GMAC stakeholders
  - Contractual agreement that ensures arm's length GM-GMAC operating relationship
- **Transaction would allow ResCap to retain its investment grade credit rating**
- **GM and Cerberus, together with GMAC, are committed to achieving a stable investment grade rating for GMAC over time to allow GMAC to grow its business**

# Components of Transaction

- **GM expects to receive approximately \$14B in cash over 3 years**
  - Proceeds of \$7.4B based on 51% of tangible book value, after excluding certain assets to be retained by GM
  - Cash dividend of \$2.7B associated with conversion of GMAC and most of its U.S. based subsidiaries (excluding the Insurance Group) to Limited Liability Companies
  - GM to retain about \$20B of U.S. SmartLease and U.S. retail assets and associated funding with estimated book value of \$4B
    - Retention of lease assets by GM provides further GM liquidity and reduces GMAC's exposure to residual risk

	<u>\$ Billion</u>
Transaction Proceeds	7.4
Distribution from LLC Conversion	2.7
Asset Carve-Out Cash Flows*	<u>4.0</u>
<b>Total</b>	<b>14.1</b>

\* Monetizes over approximately 3 years

- **GM will receive dividends from GMAC equal to its earnings prior to closing, which will largely fund GM repayment of inter-company debt**

## Other Components of Transaction

- **GM (\$1.4B) and consortium (\$0.5B) to invest \$1.9B in GMAC preferred equity**
- **Significant reinvestment of earnings over 5 years to support GMAC growth**
  - Plan to retain essentially all GMAC’s “after-tax” earnings in years 1-2 in the business
  - Cerberus committed to reinvest all after-tax distributions into GMAC preferred equity in years 3-5
- **Significant reduction in GMAC unsecured exposure to GM to approximately \$0.4B**
  - Will be capped at \$1.5B going forward
- **GM call option on GMAC’s Global Automotive Financing business with ten year term**
  - Can only exercise if GM credit ratings are investment grade, or higher than GMAC’s credit ratings
- **Transaction expected to generate \$1.1 - \$1.3B pre-tax non-cash loss on sale for 51% stake**

# **\$25 Billion Funding Facility**

- **Additional credit facilities in the amount of \$25B planned to be arranged by Citigroup to enhance GMAC's already strong liquidity**
- **\$25B asset backed credit facility**
  - \$12.5B directly committed by Citigroup
  - Remaining \$12.5B to be syndicated
  - 3 Year commitment
- **Facility structured in two tranches**
  - \$10B expected to be available before closing
  - \$15B expected to be available at closing
- **GMAC will continue to service assets**

# Services Agreements

- **Objective is to codify mutually-beneficial historical relationship between GM and GMAC**
  - Strategic support for GM global auto sales
  - Improved auto finance penetration and revenue for GMAC
- **10 Year exclusivity covering U.S., Canada and International GM-sponsored consumer and wholesale marketing incentives**
- **GMAC commitment to provide financing to GM customers and wholesale dealers in accordance with historical practices**
  - GMAC will retain right to make individual credit decisions and will approve a broad credit spectrum of customers and dealers
- **GMAC will continue to have access to GM trademarks**

# Governance Features

- **Cerberus will be managing owner of consortium investment vehicle and will control consortium's 51% voting shares**
- **Management Appointments**
  - Consortium to appoint CEO and CFO
  - Consortium and GM to jointly appoint President of Auto Finance
  - Current top GMAC management to remain in place
- **Board Composition**
  - 13 Board members – consortium: 6; GM: 4; Independent: 3
  - Consortium and GM to jointly appoint Chairman
  - Audit Committee to consist of all three Independent Directors
- **GM to retain minority rights including those pertaining to certain dividends, M&A and dilutive capital transactions**

# **Key Closing Conditions**

- **PBGC agreement that GMAC and its subsidiaries will have no liability that could arise from GM's pension plans**
- **No Material Adverse Effect (including a credit rating below CCC for GM's unsecured long-term debt)**
- **Minimum credit ratings of BB and BBB- for GMAC and ResCap, respectively, and B++ for significant GMAC insurance entities**
- **Termination and repayment of certain inter-company debts**
- **Receipt of regulatory approvals in the U.S. and abroad**
- **Certain legal opinions at closing**

# GM Liquidity and Risk Management

## Liquidity Actions

Sale of FHI	\$0.6B
Sale of Suzuki	\$2.0B
Sale of 51% GMAC	\$14B
Dividend Cut	\$0.5B/yr

**Near-term liquidity  
strengthened**

## Balance Sheet Risk Management

UAW Healthcare Agreement  
Salaried Healthcare Revisions  
Salaried Pension Revisions

### **Current Focus:**

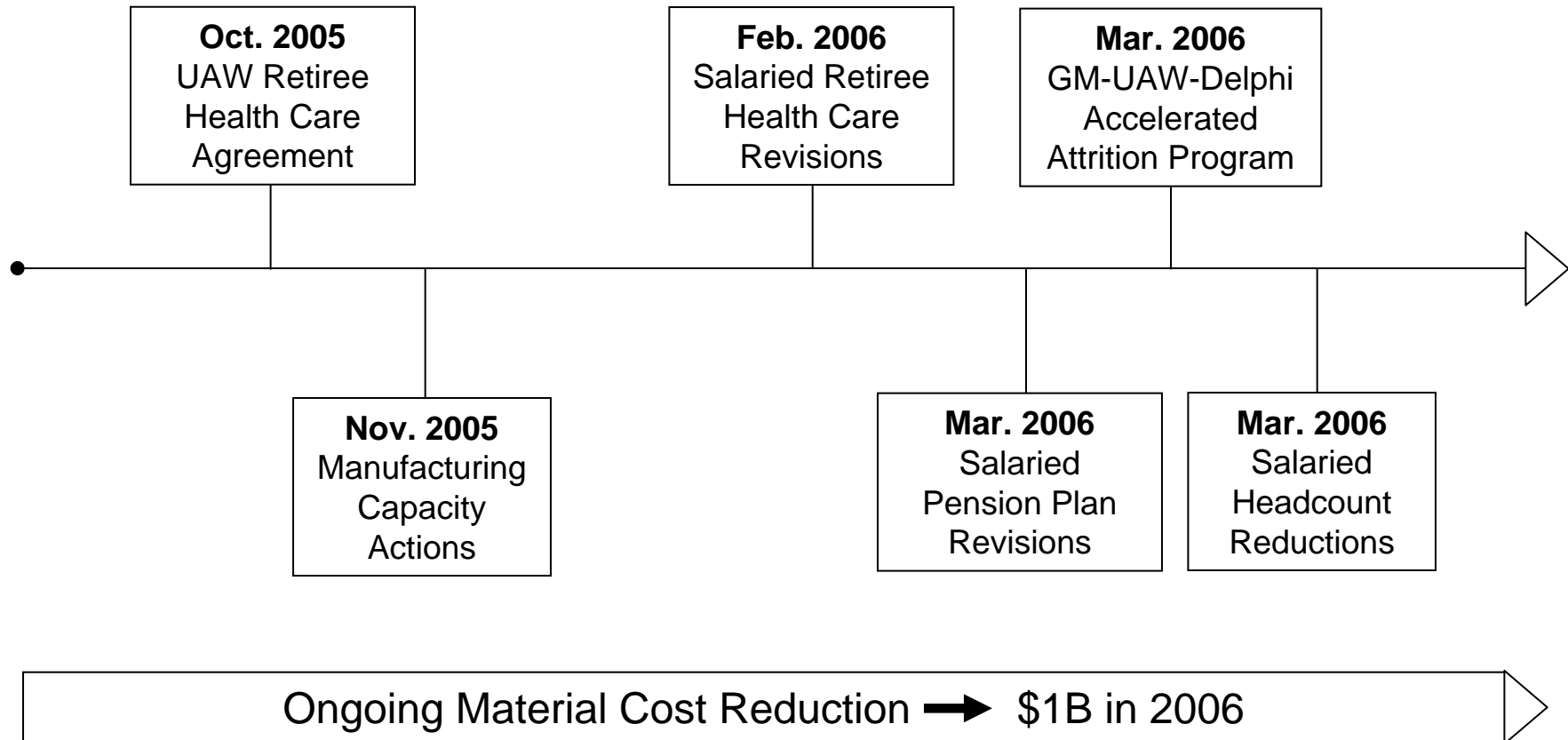
Execution of GM-UAW-Delphi  
Attrition Program  
Delphi Restructuring Actions

**Numerous actions taken to mitigate  
longer-term balance sheet risk**

# **GM Turnaround – Revenue Initiatives**

- **Total Value Pricing**
- **Quality of share initiatives**
- **All-new fullsize utility launch underway**
- **Upcoming launch of all-new fullsize pickups**
- **Aggressive near-term portfolio plan**
- **Start of renaissance of Saturn brand**
- **More focused brands**
- **Buick / Pontiac / GMC channel alignment**

# GM Turnaround – Cost Initiatives



**GM now expects to reduce structural cost in North America by an average of \$7B on a running rate basis by the end of 2006 up from original target of \$6B thereby lowering GM's breakeven point**

# Summary

- **GM to receive approximately \$14B of cash over three years**
- **Strong Services Agreements ensure continuation of mutually beneficial strategic relationship between GM and GMAC**
- **Transaction creates a stronger, more independent GMAC with more opportunity for profitable growth and expectation of a de-linked credit rating from GM**
- **Long-term, strategic investment by consortium**
- **GMAC Transaction is another key step in the GM Turnaround Plan**



**Mark Neporent**

**Cerberus COO and Senior Managing Director**

# Cerberus Capital

- **Capital Management, L.P.**

- One of the largest private investment firms in North America, with \$18 billion under management
- Experienced investor in financial institutions and automotive businesses

- **Cerberus operating approach**

- Strong track record of performance
- Highly flexible capital with investments in all layers of the capital structure
  - Focus on underperforming, operationally and/or financially distressed companies
- Actively seek to create value, back management and build successful companies
- Long-term investment horizon
  - Significant stability for all stakeholders
- Provide management support and financial support
  - An exclusive “Operations Team” of 85 operating executives serves as advisors to portfolio companies
- Emphasizes efforts to facilitate synergies among its portfolio companies
  - Have assembled broad portfolio of control investments including financial institutions

# **Vision for GMAC**

- **Investment partners to provide access to lower cost of capital and committed liquidity**
- **Plan to keep GMAC's diversified and market-leading portfolio of businesses intact and growing**
- **See opportunities to help grow GMAC's business by building upon GMAC's finance platform, leveraging cross selling opportunities, and expanded product offerings**
- **Extensive due diligence gives us confidence in company, assets and people**
- **We have a long-term commitment to GMAC's growth and success**



**Eric Feldstein**

**Chairman GMAC Financial Services**

# GMAC Strategic Vision

## Create Premier Global Finance Company

### GMAC Business Strengths



### Benefits Brought by Consortium

- Leadership positions across all major sectors
    - #1 auto finance
    - Top ten player in mortgage
    - #1 provider of Extended Warranty
    - #1 provider of dealer inventory insurance
  - Tremendous asset origination capability
  - World-class servicing
  - Well-managed risk profile
  - Global franchise spanning 40 countries
- Competitive cost of funds
  - Additional GMAC balance sheet capacity
  - Improved credit rating
  - Strengthened capital base
  - Committed term funding facility
  - Operational expertise
  - Strong independent corporate governance