

Update on  
**GMAC FINANCIAL SERVICES**

AFSA  
Investor Presentation

May 16, 2006

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*EVP & CFO*

# Forward Looking Statements

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In the presentation that follows and in related comments by General Motors Acceptance Corporation management, our use of the words “expect”, “anticipate”, “estimate”, “forecast”, “objective”, “plan”, “goal”, “project”, “outlook”, “priorities,” ”targets”, “intend”, “evaluate”, “pursue”, “seek” 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 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 General Motors to complete a transaction with a strategic investor 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 General Motors; changes in economic conditions, currency exchange rates, significant terrorist attacks or political instability in the major markets where we operate; changes in the 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; and the threat of terrorism, the outbreak or escalation of hostilities between the United States and any foreign power or territory and changes in international political conditions may continue to affect both the United States and the global economy and may increase other risks.

Use of the term “loans” describes products associated with direct and indirect lending activities of GMAC’s global operations. The specific products include retail installment sales contracts, loans, lines of credit, leases or other financing products. The term “originate” refers to GMAC’s purchase, acquisition or direct origination of various “loan” products.

## **Outline for Discussion**

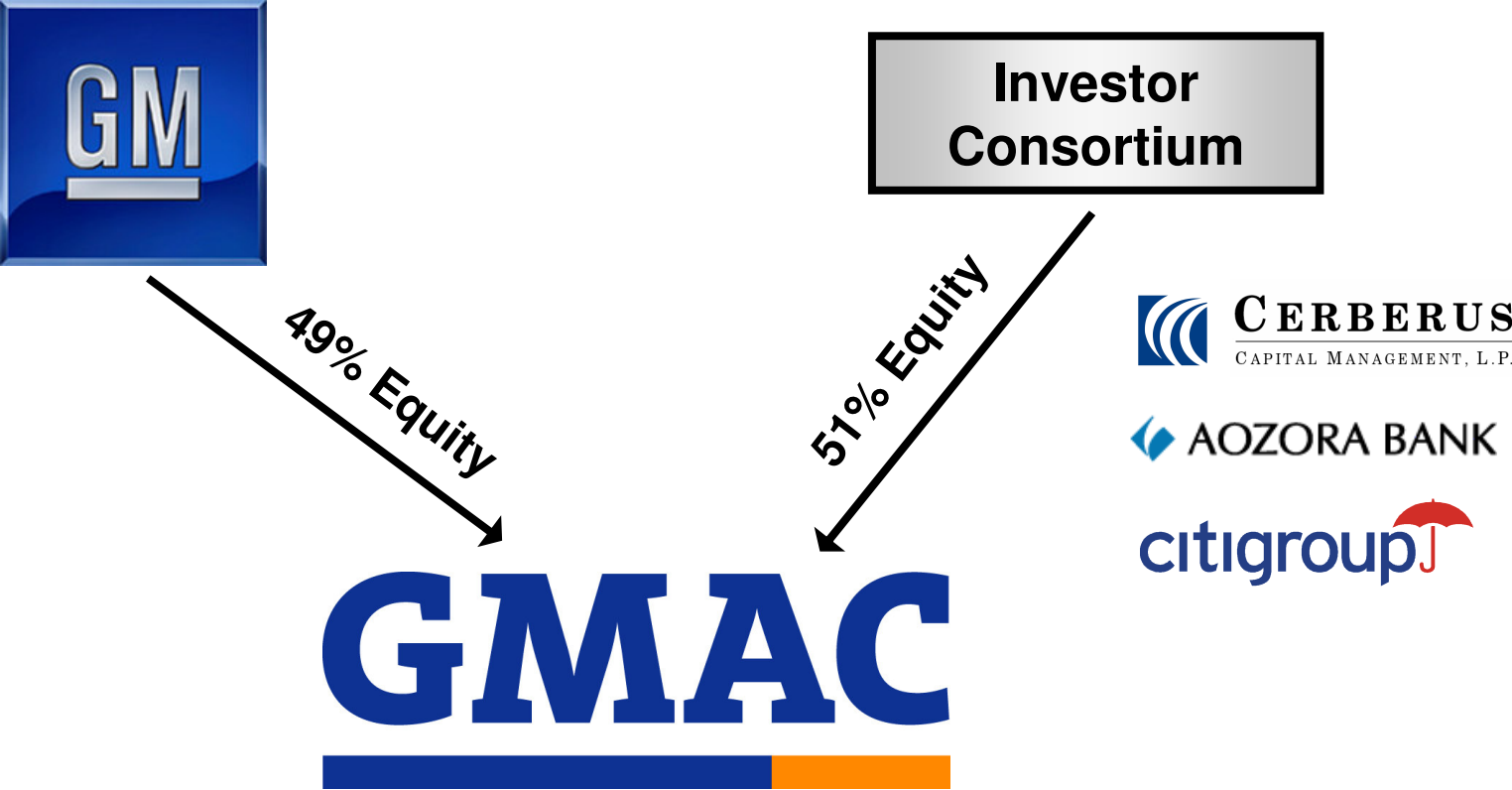
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- **Sale of Controlling Interest in GMAC**
- **GMAC Business Update**
- **Q & A**

# **Sale of Controlling Interest in GMAC**

# Transaction Overview

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# Components of Transaction

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- **GM has agreed to sell a 51% controlling interest in GMAC to a Consortium led by Cerberus Capital Management, L.P. (“Cerberus”)**
- **Cerberus will control all of the Consortium’s 51% voting shares**
- **Cerberus has strong track record of performance**
  - One of the largest private investment firms in North America, with \$18 billion under management
  - Experienced investor in financial institutions and automotive businesses
  - Long-term investment horizon
    - Significant stability for all stakeholders
- **Consortium and GM to invest \$1.9 billion in preferred equity**
- **GM expects to receive approximately \$14B in cash over 3 years**
  - \$10B at closing

## **Components of Transaction (cont'd)**

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- **GM will receive dividends from GMAC equal to its earnings prior to closing, which will largely fund GM repayment of inter-company debt**
- **GMAC and most of its U.S. operations (excluding the Insurance Group) will be converted to Limited Liability Company (LLC) form**
  - Beneficial for shareholders' tax planning
- **Long-term investment by Consortium**
  - Committed to a 5-year minimum hold period
  - In years 1-2 after closing, plan to retain essentially all GMAC's "after-tax" earnings in the business
  - In years 3-5 after closing, Cerberus committed to reinvest all of its after-tax distributions into GMAC preferred stock
- **Capital plan reflects a return to GMAC's historical record of successfully reinvesting profits for growth and profitability**

## **Components of Transaction (cont'd)**

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- **Assets retained by GM**

- At closing, GM will retain approximately \$20 billion of assets
  - ▣ Predominantly U.S. lease assets and associated funding
  - ▣ Net book value estimated at about \$4 billion
- Retained lease assets reduce GMAC's credit exposure to GM
- Going forward, GMAC will continue to originate and retain all lease assets

- **GM call option term of ten years on Global Auto Finance business**

- GM has to have either an investment grade rating or a rating higher than GMAC's rating to enable call

- **Arranging incremental credit facilities totaling \$25 billion -- supported by \$12.5 billion Citigroup commitment -- to enhance GMAC's already strong liquidity**

- Committed 3-year revolving facility
- Asset-backed funding to support lease, wholesale, SmartBuy and other not traditionally securitized assets

## **Strong Independent Corporate Governance**

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- **Cerberus will be the managing owner of GMAC LLC and control the Consortium's 51% voting shares**
- **Board Composition:**
  - 13 Board members
    - Consortium: 6
    - GM: 4
    - Independent: 3
- **Audit Committee to consist of all three Independent Directors**
- **Consortium has the ability to raise a significant amount of new equity capital for GMAC and dilute GM's ownership without GM consent**
- **Majority Independent Director approval required for certain matters, including related party transactions and certain dividend payouts**

# Mutually Beneficial Services Agreements

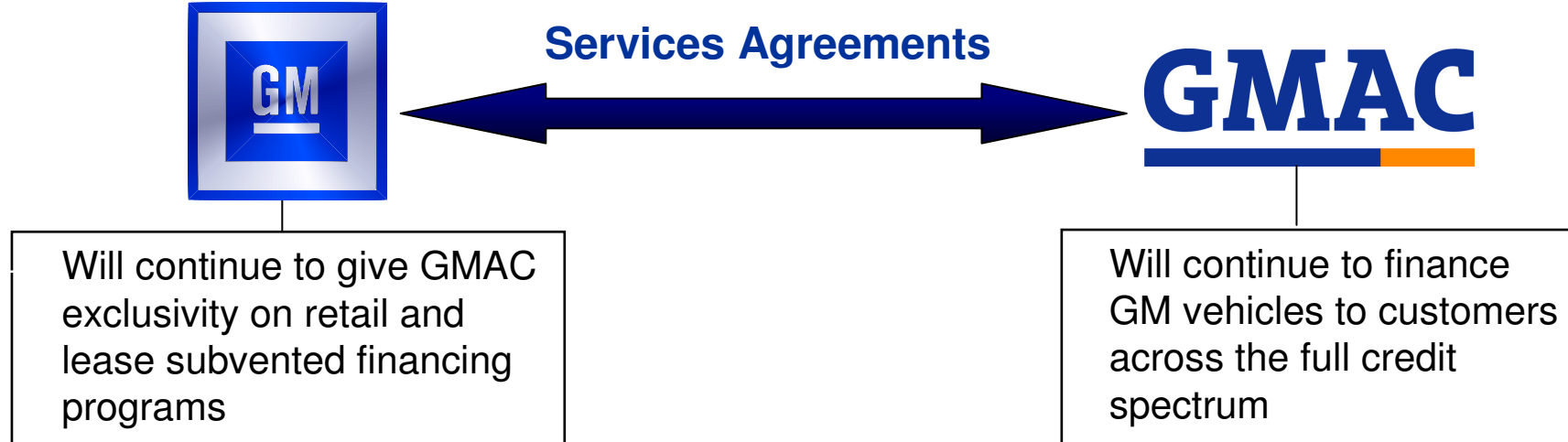
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- **Services Agreements support key GM-GMAC objectives:**
  - *GM*: Strategic support for GM vehicle sales worldwide
  - *GMAC*: Increased finance penetration and revenue
- **GMAC granted 10-year exclusivity covering U.S., Canadian and International subvented wholesale and consumer business**
- **GMAC commitment to provide financing to GM retail customers and wholesale dealers in accordance with historical practices**
  - GMAC will retain right to make all credit decisions
  - GMAC will finance a broad spectrum of customers and dealers generally in line with prior years
  - Agreement provides GMAC ample flexibility to provide GM with required financing support without compromising historical underwriting standards
  - Agreement provides GMAC with a competitive return

## Profitable Asset Generation Capability Protected

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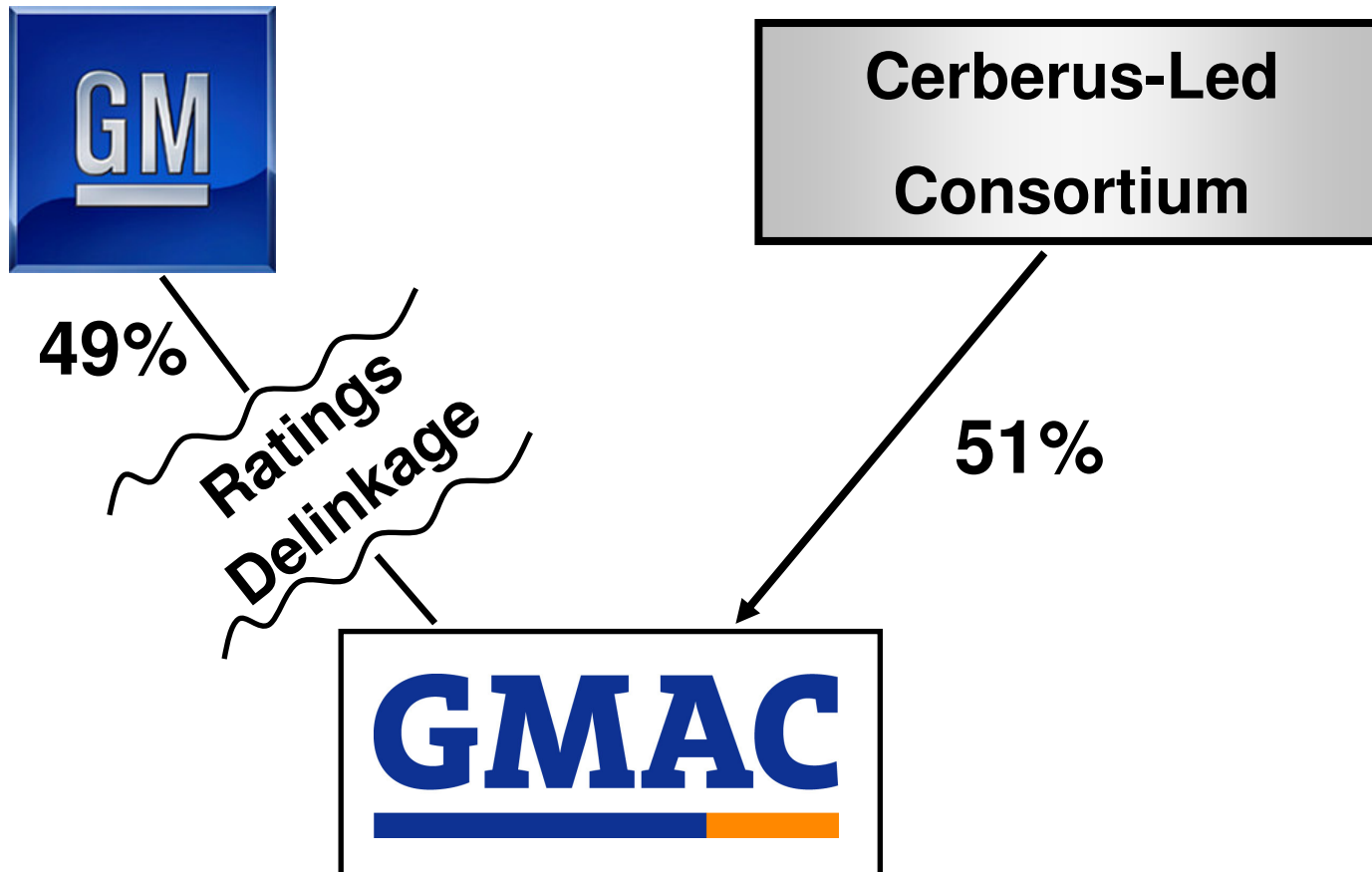
- **Services agreements will preserve GM / GMAC mutually-beneficial relationship for the long-term**
  - Support global \$60+ billion a year auto loan origination platform



- **GM “special rate” programs represent steady profitable business for GMAC**
  - Generate large volume of auto finance assets
  - Assets originated at low acquisition cost to GMAC
  - Generate higher credit quality assets

# GM/GMAC Rating Delinkage

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## **Credit Exposure to GM**

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- **Under terms of transaction, GMAC's unsecured credit exposure to GM will be capped at \$1.5 billion on a global basis**
  - Cap will include receivables from GM and any implicit "out of the money" risk sharing or residual value support due to loss in residual values
- **Estimate that GMAC's unsecured credit exposure to GM will amount to \$0.4 billion at closing**
  - GM to repay certain inter-company borrowings prior to closing
  - GM to paydown residual support and risk sharing obligations on lease assets remaining with GMAC
  - Going forward, GM to pay residual support upfront on new lease assets originated by GMAC
  - Undrawn GMAC \$4 billion unsecured credit line to GM, expiring Sept 2006, not planned to be renewed

## **GMAC Credit Profile**

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- **GMAC's credit profile will be improved considerably**
  - Consortium and GM to invest \$1.9 billion in preferred equity
  - Significant re-investment of earnings over 5 years
  - Substantial reduction in credit exposure to GM
  - Strong independent corporate governance
  - 10-year steady flow of auto financing volume for GMAC

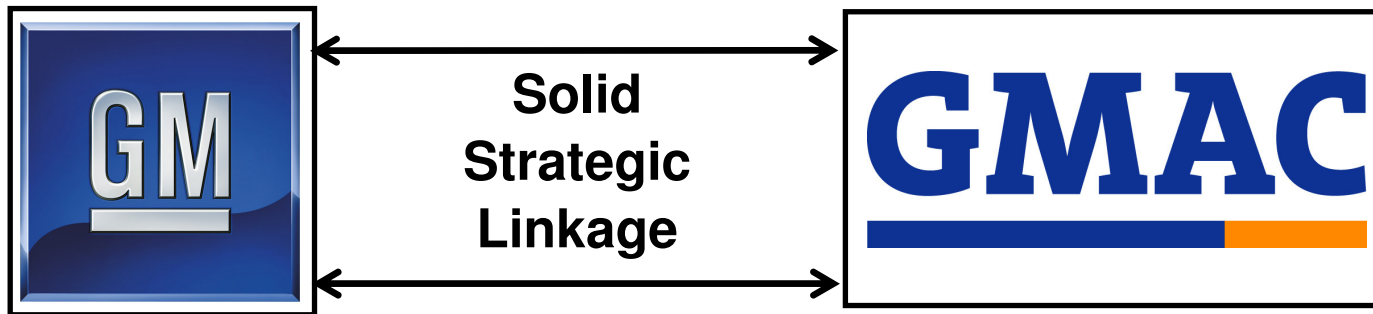
# Impact to Credit Rating

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- **Transaction expected to achieve rating de-linkage from GM**
  - Sale by GM of controlling interest
  - Dramatic reduction in GM exposure
  - Sound governance to protect all GMAC stakeholders
  - Contractual agreement that ensures arm's length GM-GMAC operating relationship
- **Rating agencies have provided indication that transaction will achieve de-linkage of GMAC credit ratings from those of GM**
- **Target stable investment grade rating**
  - Fundamentally strong credit profile
  - Need some time to “season” new structure and validate de-linkages with GM

## GM/GMAC Strategic Linkage

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- **Auto financing relationship**
  - GMAC exclusive provider of GM's subvented auto finance programs
- **GMAC relationships with GM dealer network**
  - *GMAC Customers*: Dealer floorplan financing
  - *GMAC Sales Force*: Auto finance & insurance products
- **"GM Family" customer base**
  - Millions of customers for GMAC's consumer finance products

## **Next Steps**

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- **Meet all pre-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)
- Obtain significant number of regulatory approvals
- Other appropriate conditions, opinions and approvals

- **Close transaction in Q4-2006**

# Transaction Benefits Summary - GM

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- **Significant liquidity for GM**
  - \$10 billion upfront
  - \$14 billion over 3 years
- **Broad auto financing support for GM**
  - GM will benefit from comprehensive wholesale and retail automotive financing to support its vehicle sales globally
- **Ongoing earnings from GM's 49% equity stake retained in GMAC**
  - Expect that minority equity stake in thriving company will generate steadily growing earnings stream
  - Will remain a significant % of GM total earnings

# Transaction Benefits Summary - GMAC

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- **Strengthened GMAC capital base long-term**
  - Preferred equity injection of \$1.9 billion
  - Earnings reinvestment provisions
- **Improved GMAC liquidity**
  - Committed 3-year \$25 billion funding facilities
  - Anticipated access to unsecured markets
- **Significant and steady flow of auto financing revenue**
  - Agreement grants GMAC 10-year exclusivity on GM's subvented auto finance programs
- **Believe transaction will achieve credit rating de-linkage from GM**
  - Governance provisions further establishing GMAC independence from GM
  - Cap on unsecured credit exposure to GM
  - Contractual arm's length agreement governing all GM/GMAC auto financing
- **Consortium committed to a successful GMAC**
  - View transaction as 'strategic' with a long-term investment horizon

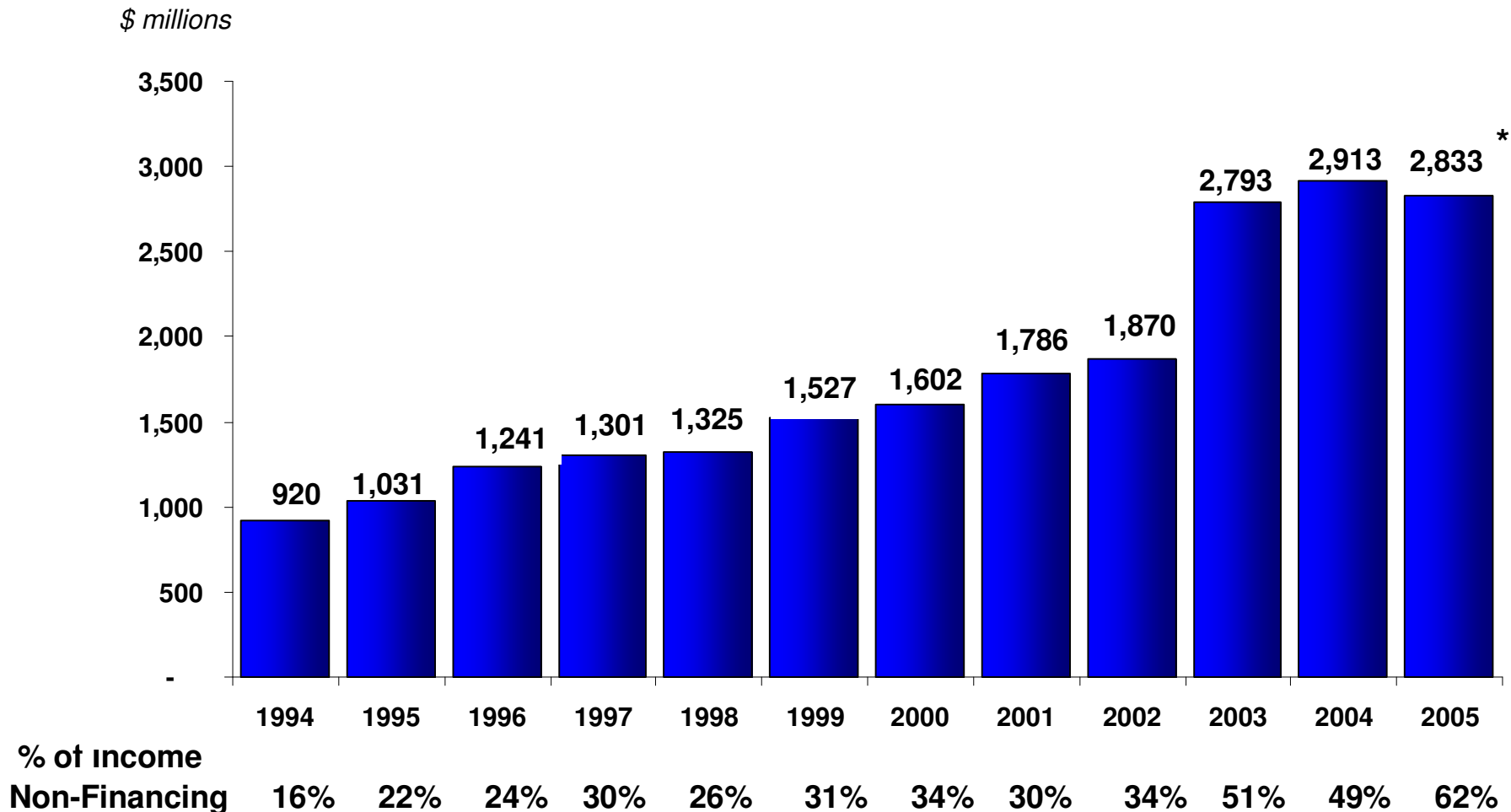
# **GMAC Business Update**

## **Business Outlook -- 2006**

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- **Consolidated Results**
- **Financing Operations**
- **Mortgage Operations**
- **Insurance Operations**
- **Funding Update**

# Consolidated Earnings Trend



\* Excluding after-tax goodwill impairment of \$439 million

## Net Income – 2006 First Quarter

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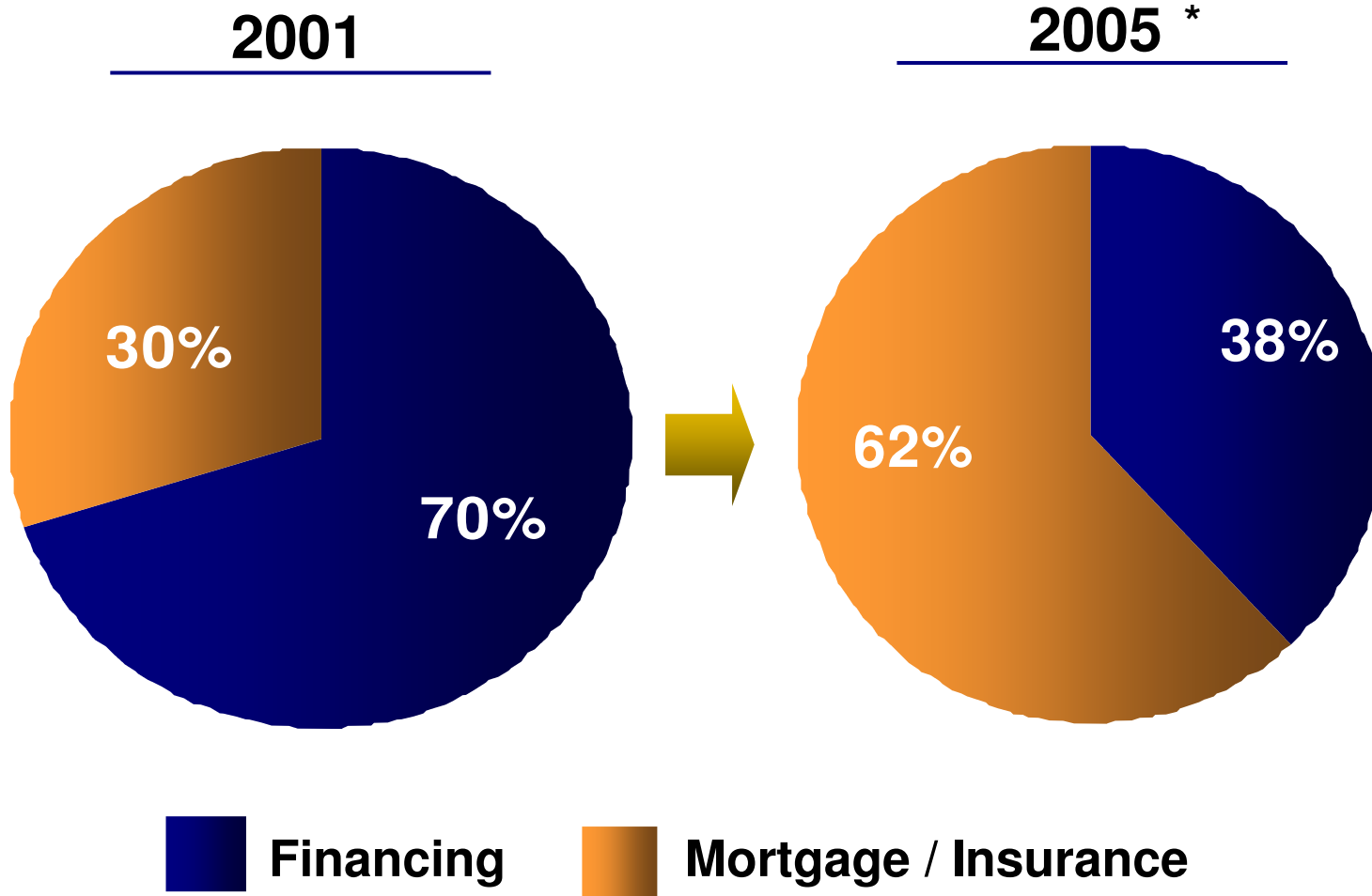
	<u>2005</u>	<u>2006</u>	2006 Fav/(Unfav) <u>2005</u>
<u>\$ Millions</u>			
<b>Financing</b>	\$248	\$313	\$65
<b>Mortgage</b>	385	230	(155)
<b>Insurance</b>	<u>95</u>	<u>129</u>	<u>34</u>
<b>Total</b>	<b>\$728</b>	<b>\$672</b>	<b>(\$56)</b>

## **Recent Challenges**

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- **Credit rating downgraded below investment grade**
  - Several additional GM / GMAC rating downgrades incurred
- **GMAC borrowing spreads climbed to unprecedented levels**
- **Short-term interest rates trended upward**
  - 3-month LIBOR increased by nearly 200 bps
  - Yield curve flattened

# Earnings Mix – Business Diversification



\* Excluding goodwill impairment charges

## Earnings Mix – Geographic Diversification

### International Net Income\*

\$ Millions	<b><u>2001</u></b>	<b><u>2005</u></b>	<b><u>CAGR**</u></b>
Financing	192	415	21%
Mortgage	72	270	39%
Insurance	<u>9</u>	<u>63</u>	<u>63%</u>
<b>Total</b>	<b><u>273</u></b>	<b><u>748</u></b>	<b><u>29%</u></b>

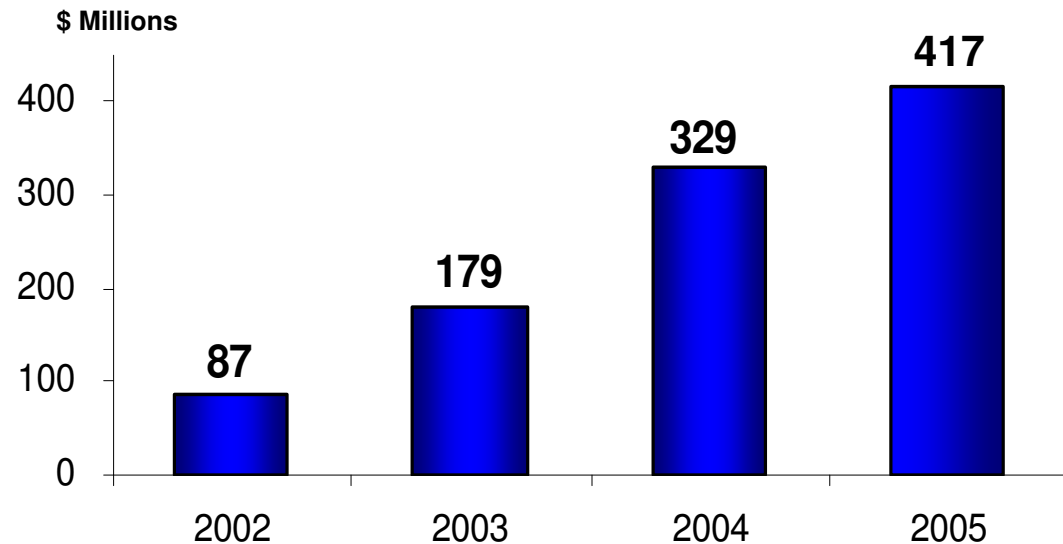
\* Income outside U.S. and Canada

\*\* Compound Annual Growth Rate

# Insurance Operations

- **Premium / Revenue growing**
  - International growth
  - Niche acquisitions
- **Favorable loss cost experience**
- **Steadily increasing underwriting profits**
- **Increasing competitive trends**
- **Growing investment portfolio**

Insurance Net Income



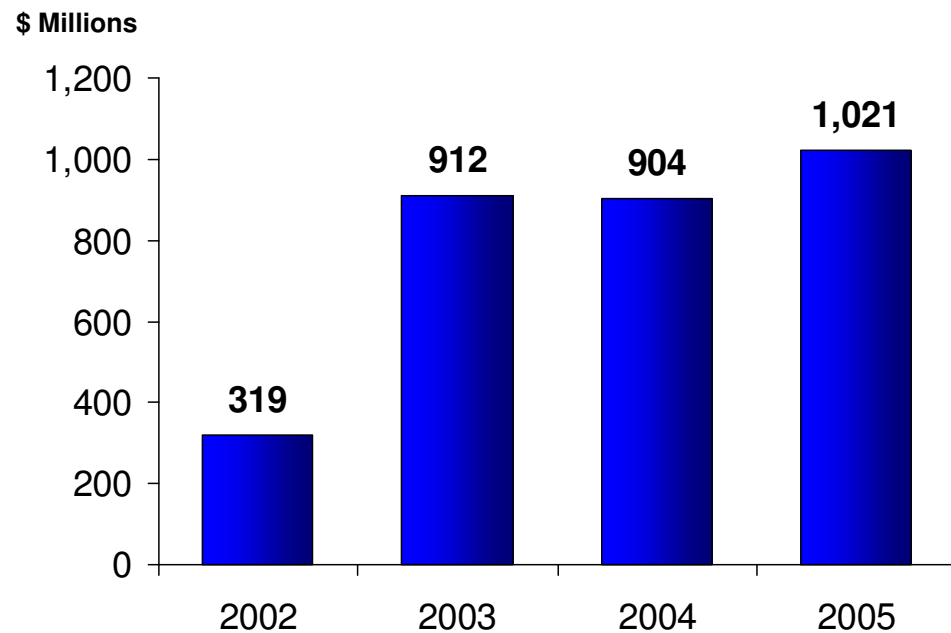
(\$ Billions)

	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>
Market Value of Investment Portfolio	\$5.1	\$6.2	\$7.3	\$7.7

# Mortgage Operations

- **GMAC has maintained strong profitability at its Residential Mortgage Operations despite decline in industry volume and margin pressures**
  - Growth in residential market share for 9 consecutive years
  - Increased mortgage servicing income
  - Profitable expansion overseas
  - Stand-alone investment grade rating

**ResCap Net Income**



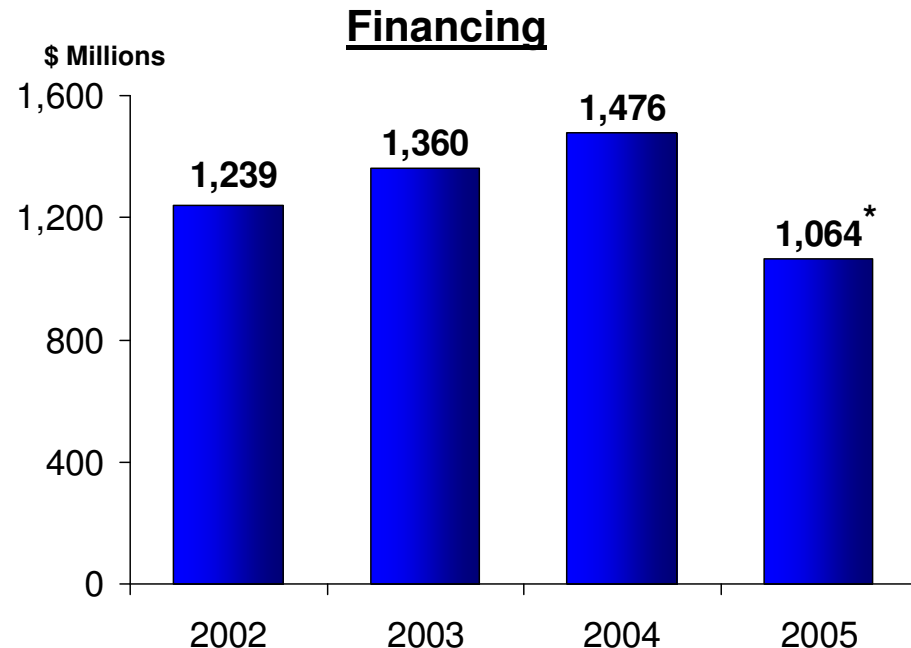
**Memo: (\$ Trillions)**

Industry Volume*	2.8	3.8	2.7	2.9
U.S. Mortgage Debt Outstanding*	6.3	7.1	8.1	9.1

\* Source: Fannie Mae

# Financing Operations

- **Funding constrained business**
  - Ratings impact competitiveness
  - Will leverage upcoming ratings delinkage
- **Leverage existing relationships to capture opportunities within GM dealer channel**
- **Leverage existing dealer relationships to expand presence in non-GM dealer network**
- **Continue to expand footprint into new countries**



\* Excluding after-tax goodwill impairment of \$398 million for Commercial Finance

# Funding Update

## **Strong Liquidity Position**

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- **GMAC continues to have access to large liquidity cushion**
  - Cash balance of \$22 billion\* at March 31, 2006
  - Over \$45 billion of unutilized bank lines and conduit capacity
  - Multi-year committed whole loan facilities with Bank of America and Bank of Nova Scotia with \$59 billion of unutilized commitments
- **Arranging incremental credit facilities totaling \$25 billion – supported by \$12.5 billion Citigroup commitment – to enhance GMAC’s already strong liquidity**
  - Committed 3-year revolving facility
  - Asset-backed funding to support SmartLease, wholesale, SmartBuy and other assets that have not been traditionally securitized

\* Includes \$4.8B in cash invested in a portfolio of highly liquid marketable securities

## **Strong Liquidity Position (cont'd)**

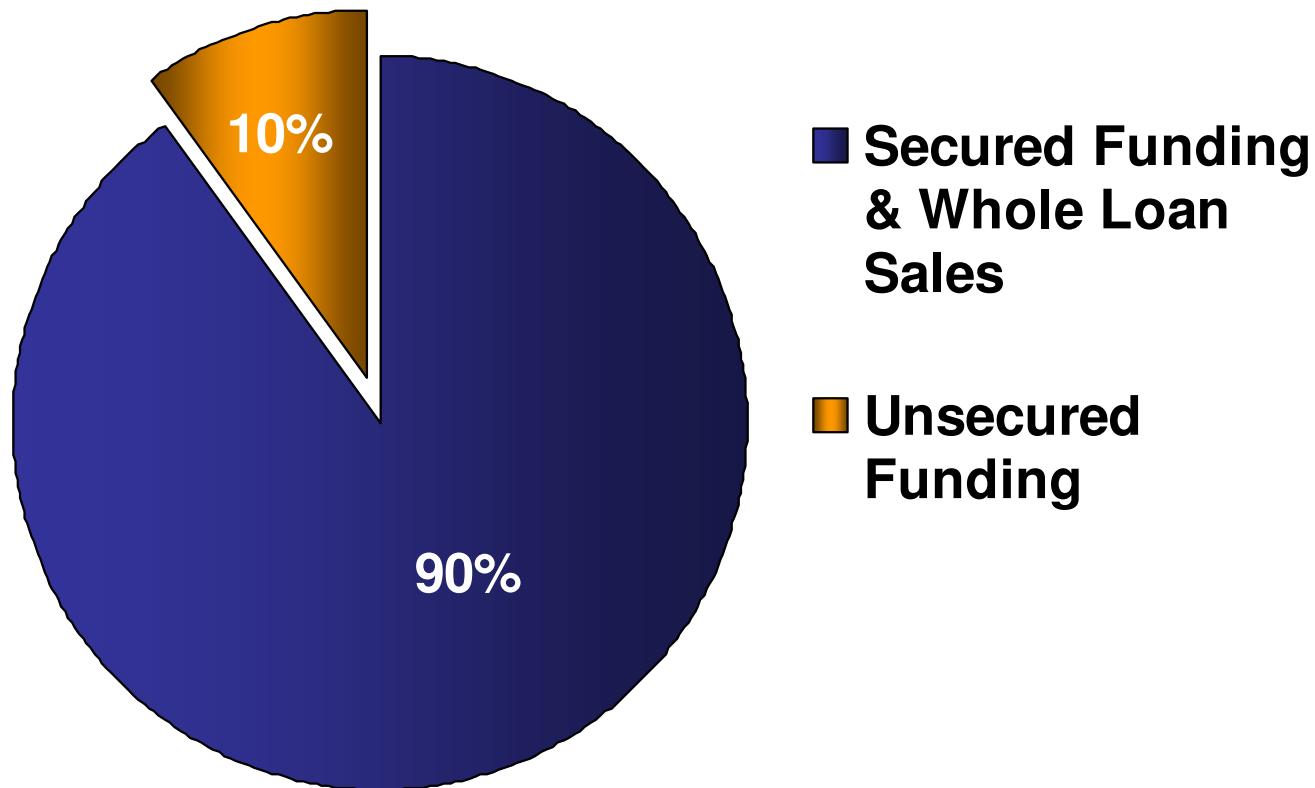
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- **In March, closed sale of majority interest in GMAC Commercial Mortgage and received \$8.8 billion comprised of sale proceeds and repayment of inter-company debt**
- **Strong stand-alone ResCap funding capability established**
  - ResCap expected to repay \$3.6 billion subordinated note to GMAC using proceeds from recent bond transaction
- **Many other innovative funding channels established**

# 2005 U.S. Term Funding

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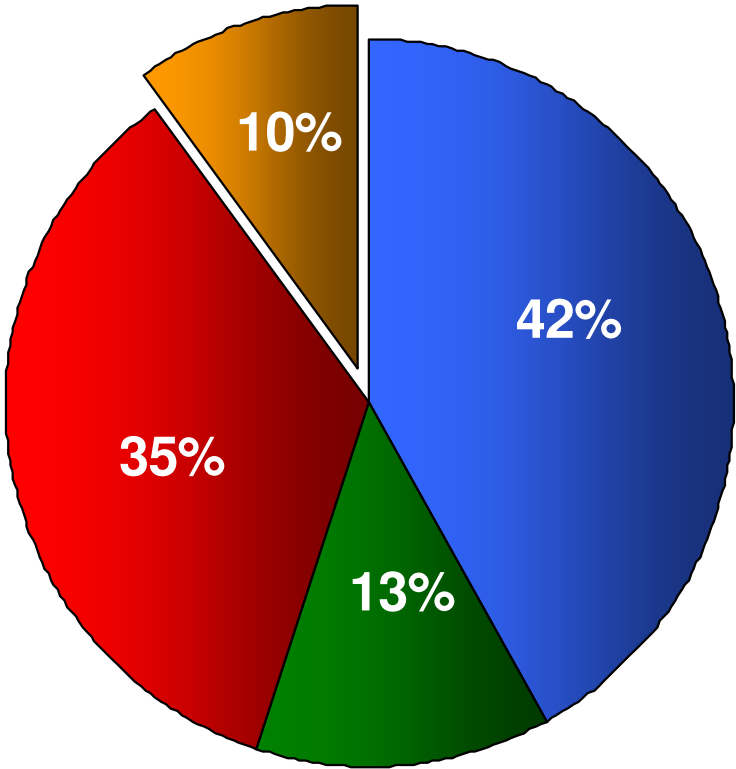
**\$41 Billion**



*Note: Represents domestic auto finance only*

# 2005 U.S. Term Funding

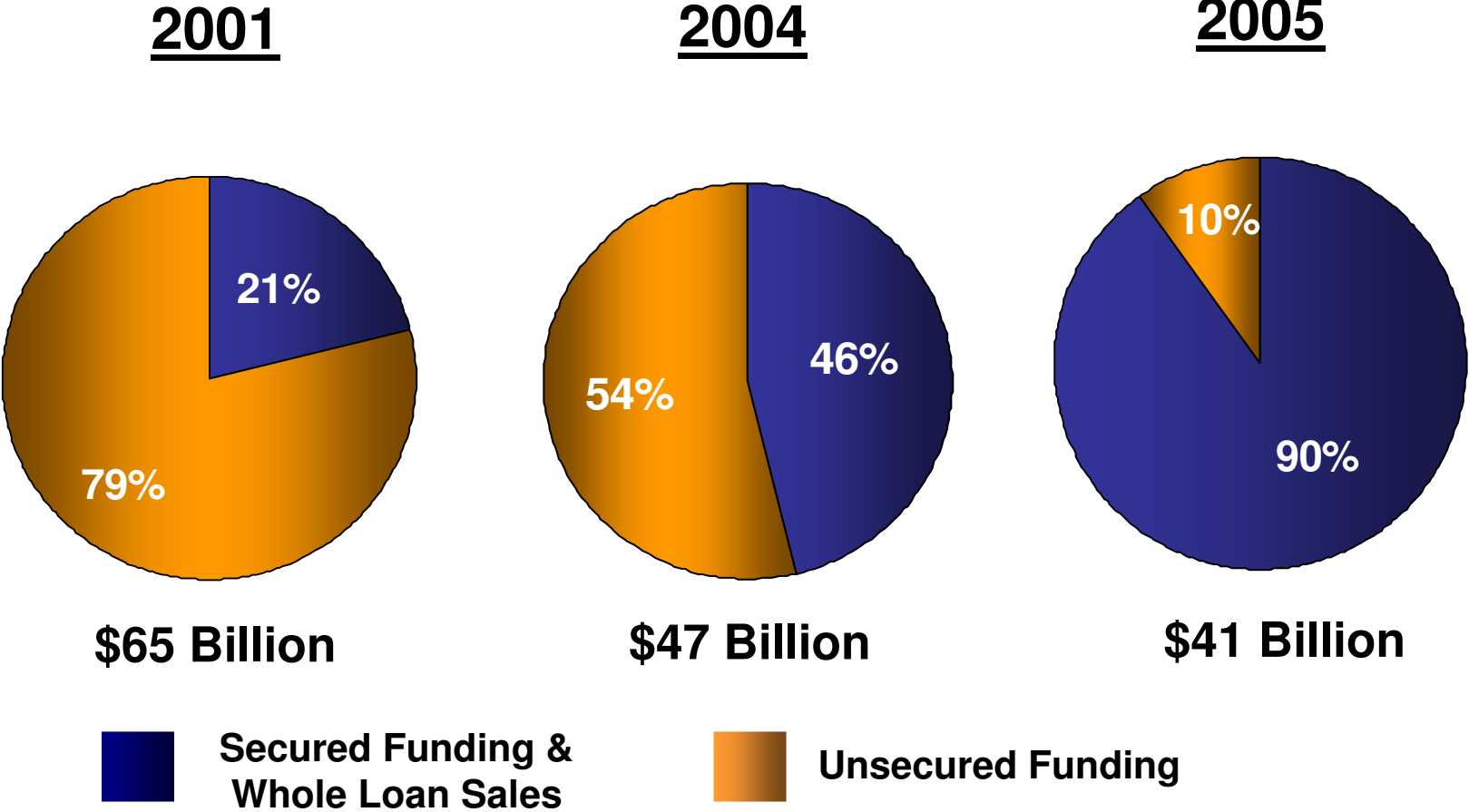
\$41 Billion



- Money Market Investors
  - Term Investors
  - Whole Loans
  - Unsecured Funding
- Secured Funding & Whole Loan Sales (90%)
- (10%)

*Note: Represents domestic auto finance only*

# Evolution of U.S. Term Funding



*Note: Represents domestic auto finance only*

# Structural Subordination Analysis

- **Asset Coverage Ratio continues to adequately protect unsecured debt holders despite increase in secured funding**
  - Although unencumbered assets have declined, asset coverage ratio remains stable-to-higher as unsecured debt levels decline even more rapidly

<u>\$ Billions</u>	<u>2004</u>	<u>2005</u>	<u>Q1 2006</u>	<u>2006</u>
Unencumbered Assets*	188	151	140	↓
Unsecured Debt	169	132	120	↓ ↓
<b>Asset Coverage Ratio</b>	<b>111%</b>	<b>115%</b>	<b>117%</b>	<b>Stable-to-Higher</b>

\* Total Assets less [Secured Assets+Other Liabilities+Intangible Assets]

# GMAC Funding Plan

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- **GMAC's innovative funding initiatives have reduced its need to rely on unsecured financing**
- **With a stable and potentially improving credit rating post-closing, GMAC will opportunistically seek to access the unsecured institutional and retail markets**

# GMAC Global Liquidity Profile

- o **GMAC has access to massive liquidity cushion**

- Two large, multi-year funding agreements: Bank of America (BofA), Bank of Nova Scotia (BNS), with plans for a third \$25B facility anchored by Citigroup
  - ▣ BofA and BNS commitments for retail assets while the \$25B facility includes leases, dealer floor plan, SmartBuy, and other assets not traditionally securitized
- Continued access to significant amount of bank funding

**\$ billion**

**As of 3/31/06**

Cash <sup>(1)</sup>

Committed Flow agreements

Proposed Citigroup-led \$25B Funding Facility

Committed Bank facilities

**Total Committed**

Uncommitted Bank facilities

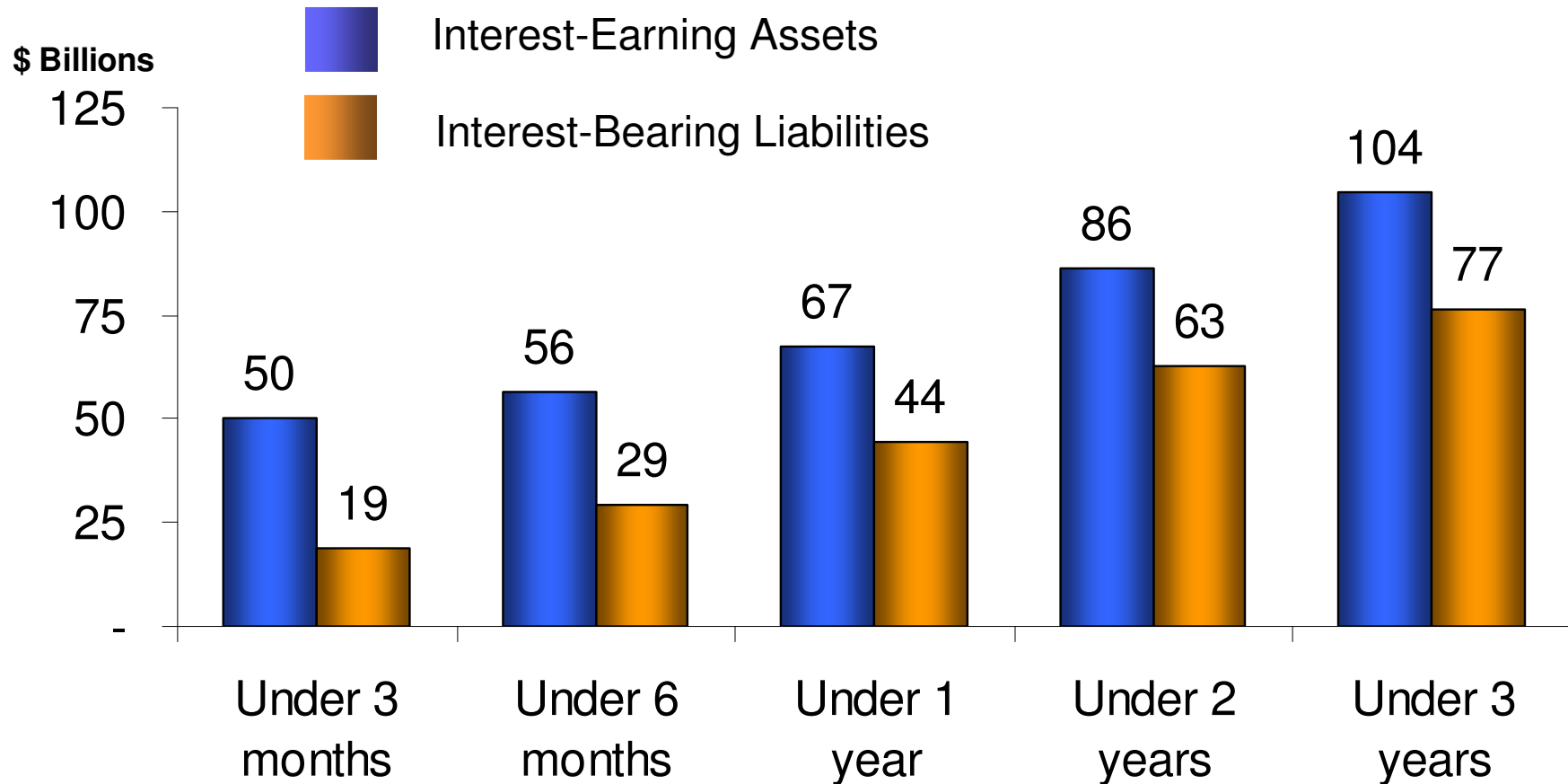
**Total**

	<b>Line Size</b>	<b>Utilized</b>	<b>Unutilized</b>
Cash <sup>(1)</sup>	22	0	22
Committed Flow agreements	75	16 <sup>(2)</sup>	59
Proposed Citigroup-led \$25B Funding Facility	25	0	25
Committed Bank facilities	85	39	46
<b>Total Committed</b>	<b>185</b>	<b>55</b>	<b>130</b>
Uncommitted Bank facilities	9	8	1
<b>Total</b>	<b>216</b>	<b>63</b>	<b>153</b>

Note: (1) Including \$4.8Bn of marketable securities

(2) Utilized/expired

## Consolidated Asset and Liability Maturities

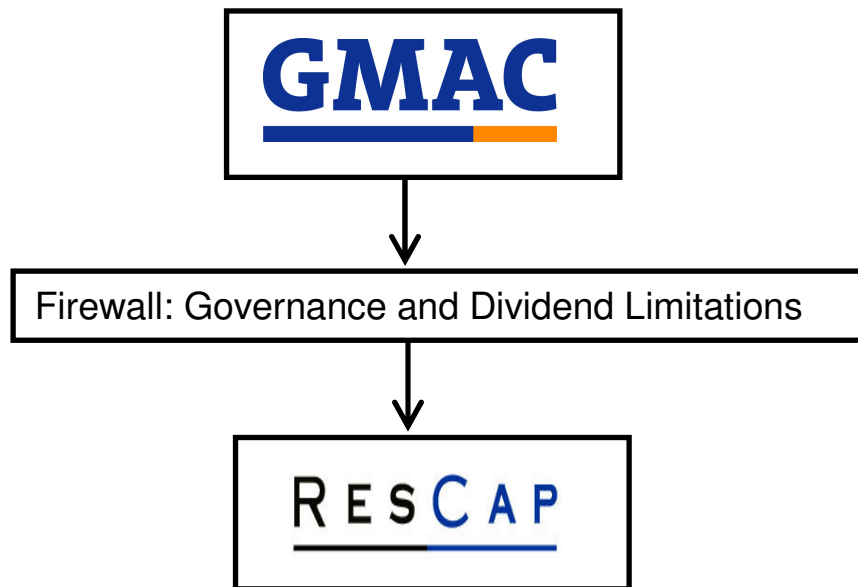


*Note: Includes cash, excludes on-balance sheet secured debt and the related assets, as of March 31, 2006*

# ResCap Capital Structure

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- GMAC plans to maintain the ResCap firewall to preserve ResCap's relatively higher credit rating



- ResCap already enjoys significant access to unsecured liquidity

\$ Billion (as of 05/16/06)

Global Debt Issued	12.4
Global Bank Lines	4.0
<b>Total</b>	<b>16.4</b>

# Conclusion

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- **Operating metrics for Financing, Mortgage and Insurance remain strong**
  - Some margin pressures due to interest rate cycle and competitive trends, but expect to have solid performance in 2006
- **GM, GMAC and Cerberus led consortium working on speedy closing of 51% sale transaction**
  - Target fourth quarter closing
  - Plan to maintain current conservative funding strategy until risks to closing are reduced
- **Following the closing of the 51% sale, GMAC will be even better positioned to execute our business plan under which we will:**
  - Support GM vehicle sales with a broad range of auto financing activities
  - Continue to grow all segments of the business
    - ▣ Generate a strong return on investment for GMAC's shareholders

# GMAC Strategic Vision

**Create Premier Global Finance Company**

## GMAC Business Strengths



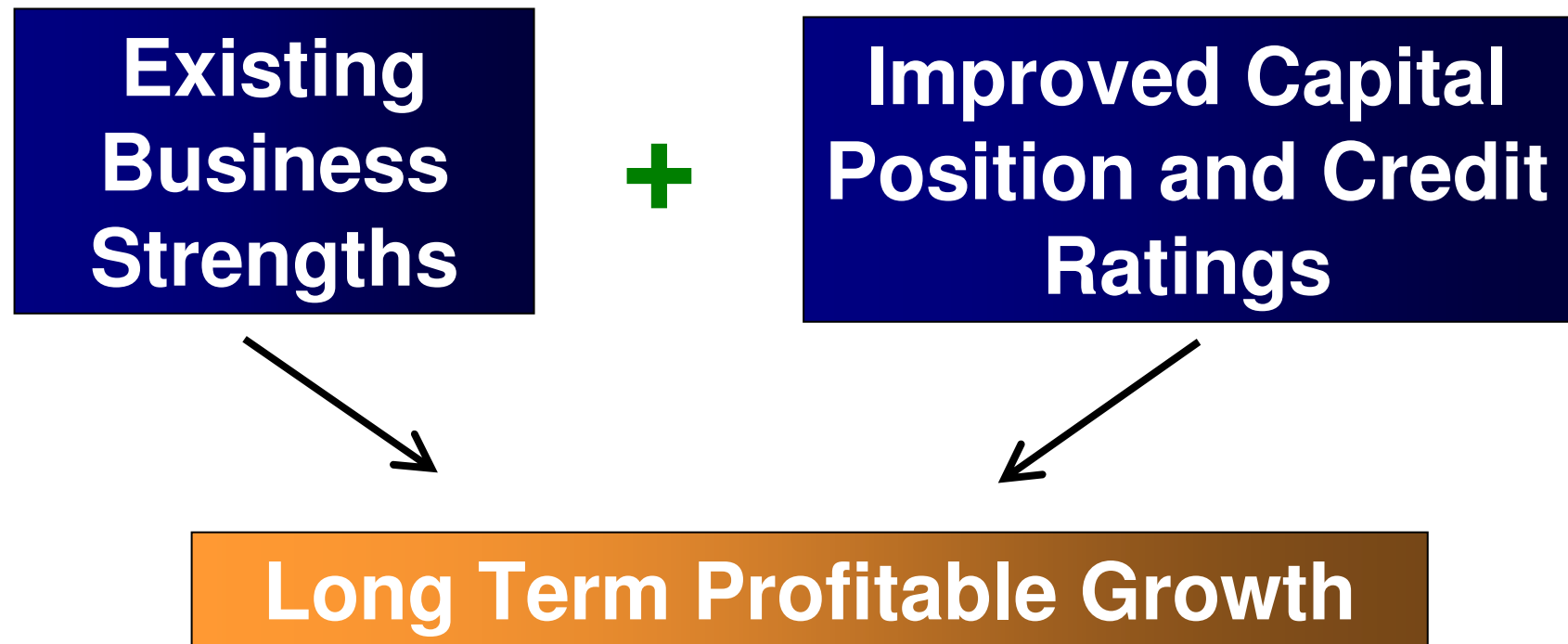
## Consortium Provided Benefits

- + **Leadership positions across all major sectors**
  - #1 in Auto Finance
  - Top 10 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**

- + **Stable/Improving credit rating**
- + **Balance sheet capacity**
- + **Competitive funding cost**
- + **Operational expertise**
- + **Strong independent corporate governance**

## Long-Term Outlook

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**Q & A**

# **GMAC FINANCIAL SERVICES**