



General Motors Acceptance Corp.
State of the Business
July 27, 2005

Eric Feldstein - Chairman



GMAC GMAC Safe Harbor

In the presentation that follows and in related comments by General Motors Acceptance Corporation's management, our use of the words "expect", "anticipate", "project", "estimate", "forecast", "objective", "plan", "goal", "outlook", "target", "pursue" 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: 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 and other financing products. The term "originate" refers to GMAC's purchase, acquisition or direct origination of various "loan" products.

GMAC GMAC Highlights

2005 Earnings

- **GMAC net income through June closely tracking last year's record results**
 - Earnings for the first half of 2005 totaled \$1,544 million
 - RoE of 13.6%
 - GMAC likely to exceed its 2005 target net income of \$2.5 billion

2005 Liquidity Position

- **At end of Q2, GMAC had global cash position of \$22.2 billion***
 - Liquidity / funding position augmented by:
 - Substantial committed conduit capacity
 - Auto whole loan purchase commitments
 - Continued access to ABS market

* Includes \$2.5B of cash invested in a portfolio of highly liquid marketable securities



GMAC Highlights

Recent / Pending Funding Developments

- **Residential Capital (ResCap)**
 - Secured investment grade credit rating from all rating agencies
 - Raised \$4 billion through private bond issuance at borrowing spreads well-below those of GMAC
 - Received aggregate commitments for \$3.5 billion of bank credit lines
- **Nearing execution of definitive agreement to sell majority equity stake in Commercial Mortgage to investor consortium**
 - Sale proceeds and inter-company loan repayments will provide multi-billion dollars of liquidity to GMAC at closing

GMAC GMAC Highlights

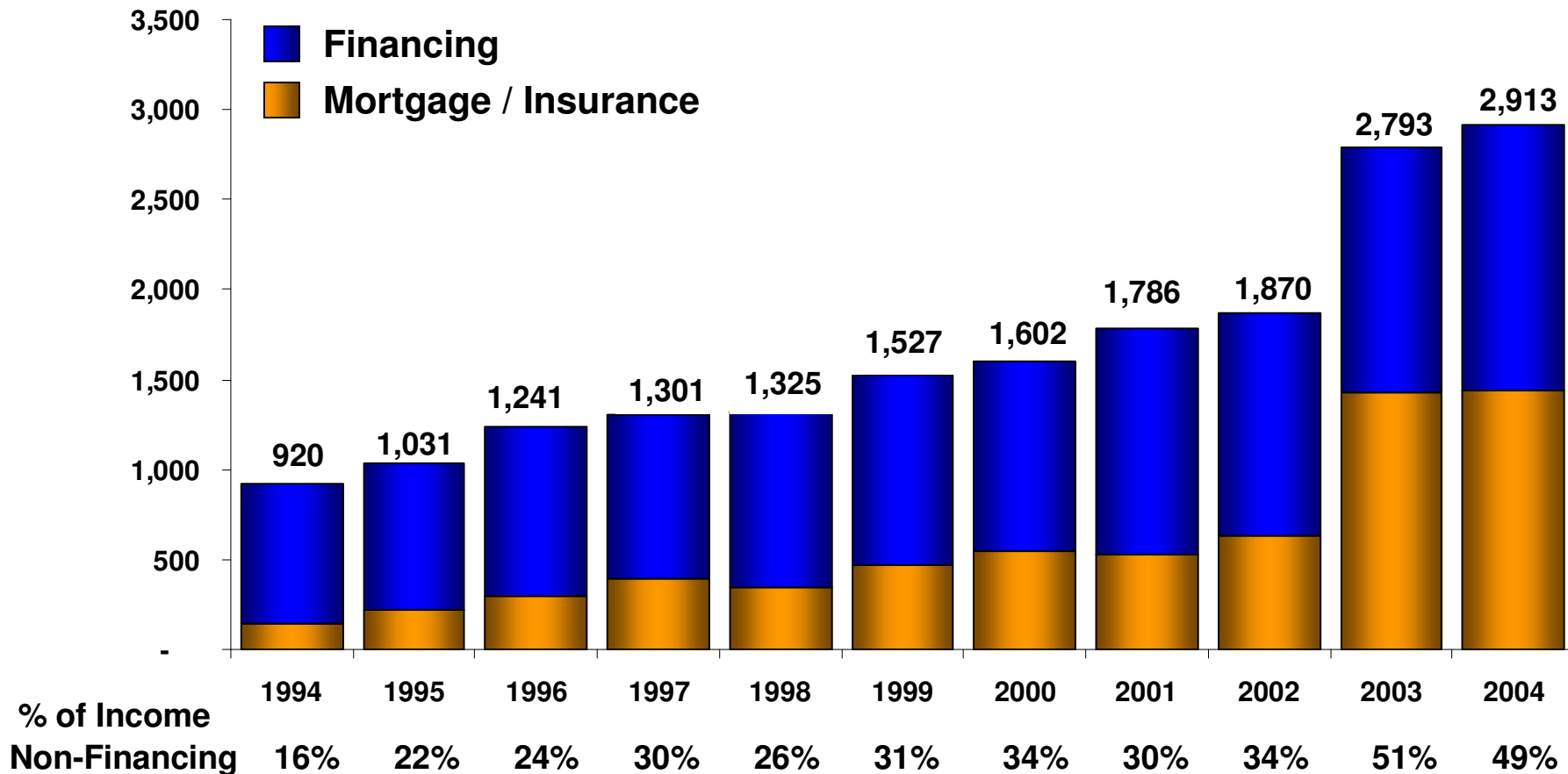
Recent / Pending Funding Developments (cont.)

- **Executed 5-year auto whole loan agreement with BoA to sell full spectrum of active retail loans of up to \$55 billion**
 - \$5 billion whole loan sale before July month-end
 - Up to \$10 billion annually for the next 5 years
- **Whole loan sale of \$5 billion to BoA this week will essentially complete GMAC's U.S. term funding program for 2005**



Consolidated Earnings Trend

\$ millions





Net Income – First Six Months

<i>\$ millions</i>	First Six Months		2005 O/(U) 2004	Memo: 2003 June YTD
	2005	2004		
Financing	626	894	(268)	698
Mortgage	723	550	173	786
Insurance	195	166	29	49
Total	1,544	1,610	(66)	1,533



2005 Net Income



Financing Operations

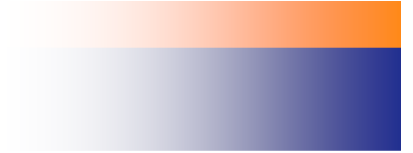


Mortgage Operations



Insurance Operations

In Excess of \$2.5 Billion

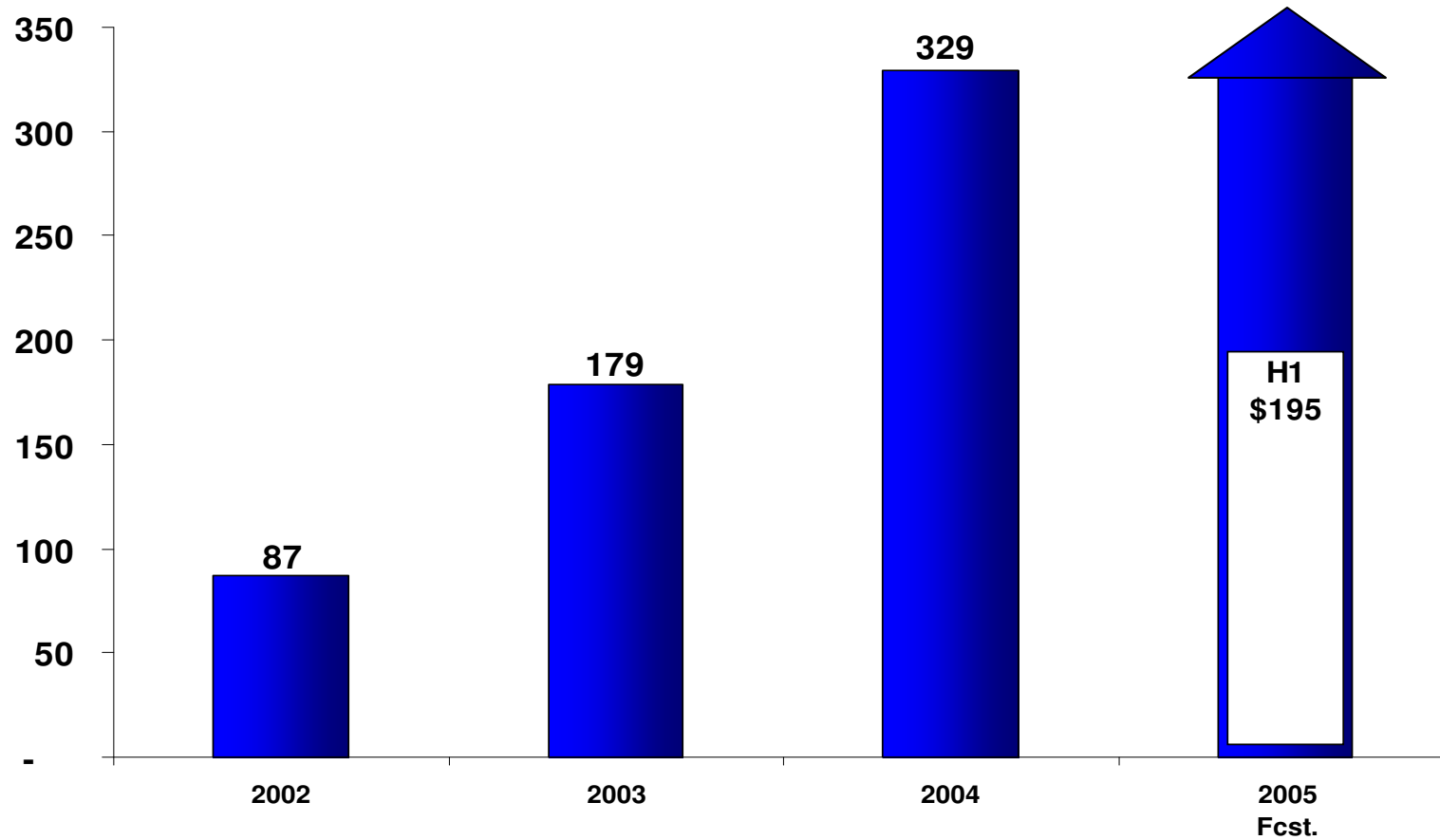


INSURANCE OPERATIONS

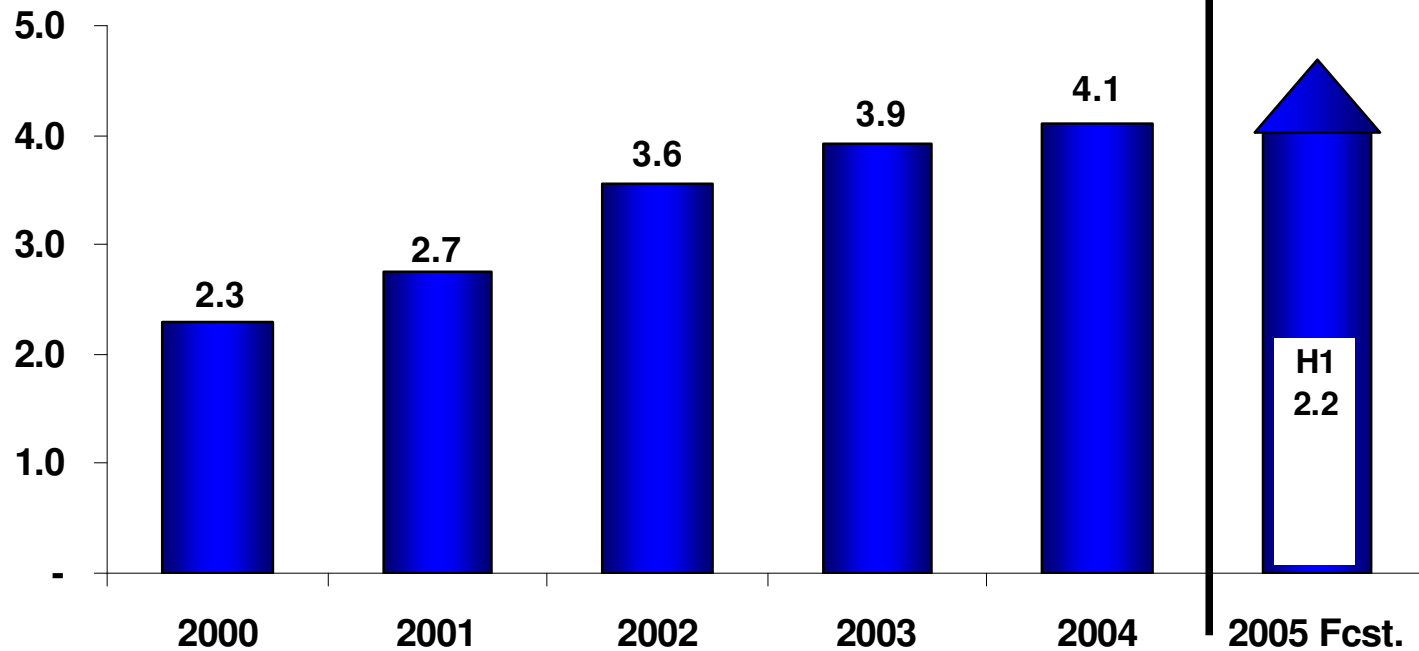


Insurance Net Income

\$ millions



\$ billions



International (%)	2000	2001	2002	2003	2004	2005 Fcst.
	3.2%	3.0%	11.6%	11.8%	14.2%	15.1%

Automotive Care

- Extended Service Contracts
- Maintenance Contracts
- GAP Insurance

Commercial

- Automotive Dealer Inventory
- Property & Casualty Reinsurance

Personal Vehicle

- Automobile
- Recreational Vehicle
- Motorcycle

GMAC Insurance Operating Trends

Increasing Premium / Revenue

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Favorable loss cost experience

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Steadily increasing underwriting profits

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Growing investment portfolio

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<i>(\$ billions)</i>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>6/05</u>
Market Value of Investment Portfolio	\$5.1	\$6.2	\$7.3	\$7.5



MORTGAGE OPERATIONS



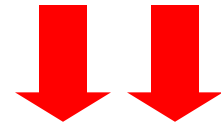
Mortgage Group 2005 Outlook



Residential Mortgage Industry Volume



Lending Margins



GMAC Mortgage Profitability





Mortgage Group 2005 Outlook

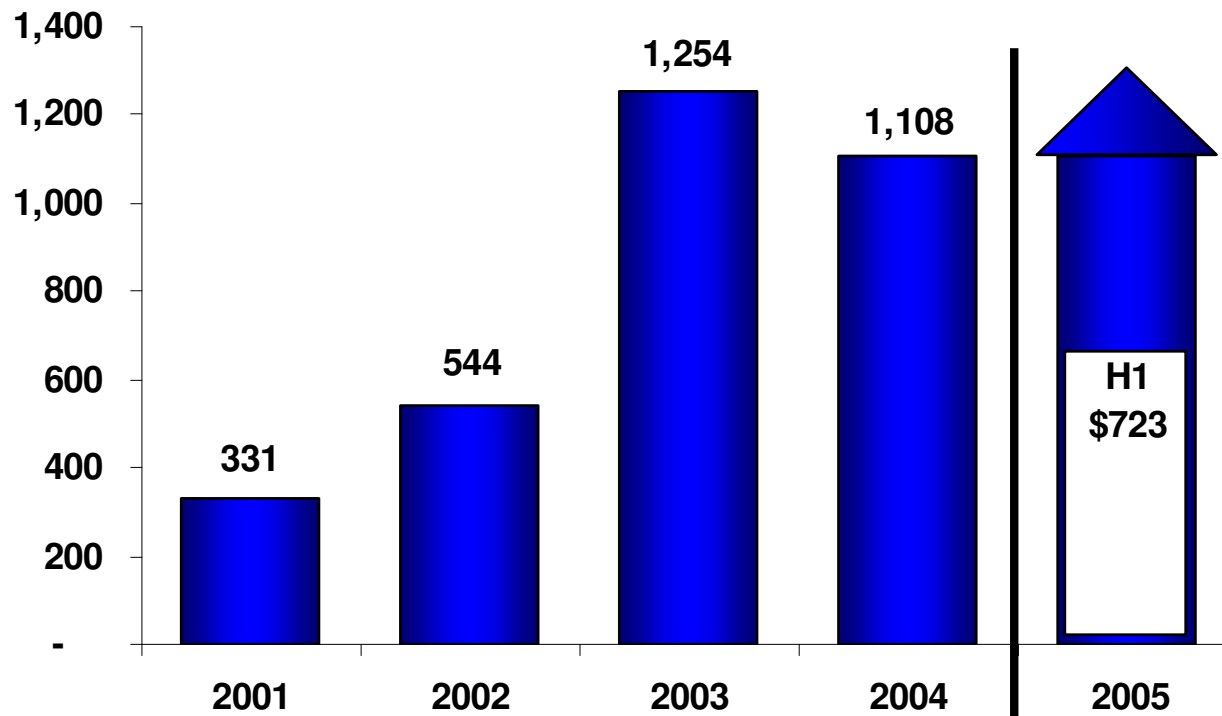
- **Growth in Residential Market Share**
 - 9th consecutive year
- **Higher Mortgage Servicing Income**
- **Profitable Expansion Overseas**
- **Substantial Increase in Commercial Mortgage Loan Production**

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Mortgage Net Income

\$ millions

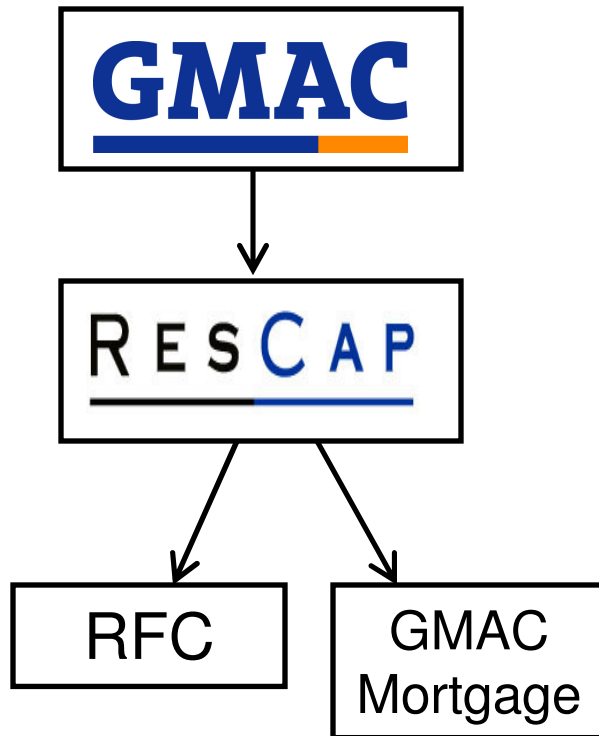


Memo: (\$trillions)

Industry Volume

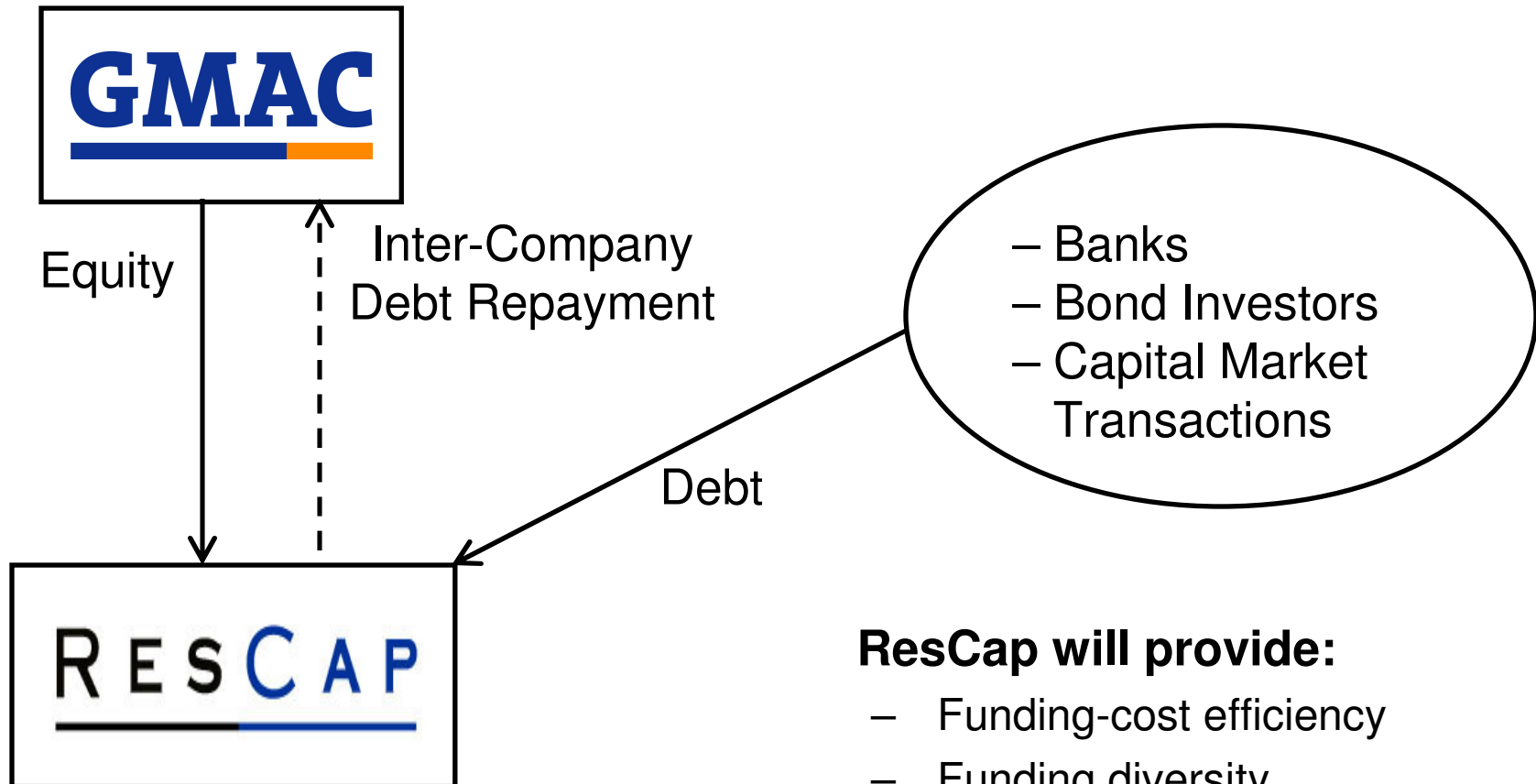
Year	Industry Volume (\$trillions)
2001	2.0
2002	2.6
2003	3.8
2004	2.8
2005 Fcst.	≈ 2.6

GMAC ResCap



- **Successfully achieved investment grade ratings for ResCap**
- **Positioned to be “self-funding” over medium term**
- **Raised \$4 billion in private placement of bonds at spreads well below those of GMAC**
- **Received aggregate commitments from its bank syndicate to provide credit lines of \$3.5 billion**
 - Expect syndication to close in July

GMAC ResCap Funding



ResCap will provide:

- Funding-cost efficiency
- Funding diversity
- Liquidity relief to GMAC



GMAC Commercial Mortgage

- **GMAC nearing execution of definitive binding agreement to sell majority stake in GMAC Commercial Mortgage**
- **By introducing equity partners, Commercial Mortgage operations will have adequate capital to sustain profitable growth**
- **Terms of transaction will provide GMAC with:**
 - i. Multi-billion dollar liquidity injection stemming from sale proceeds and inter-company loan repayments at closing; and
 - ii. Continued earnings potential on retained minority equity stake



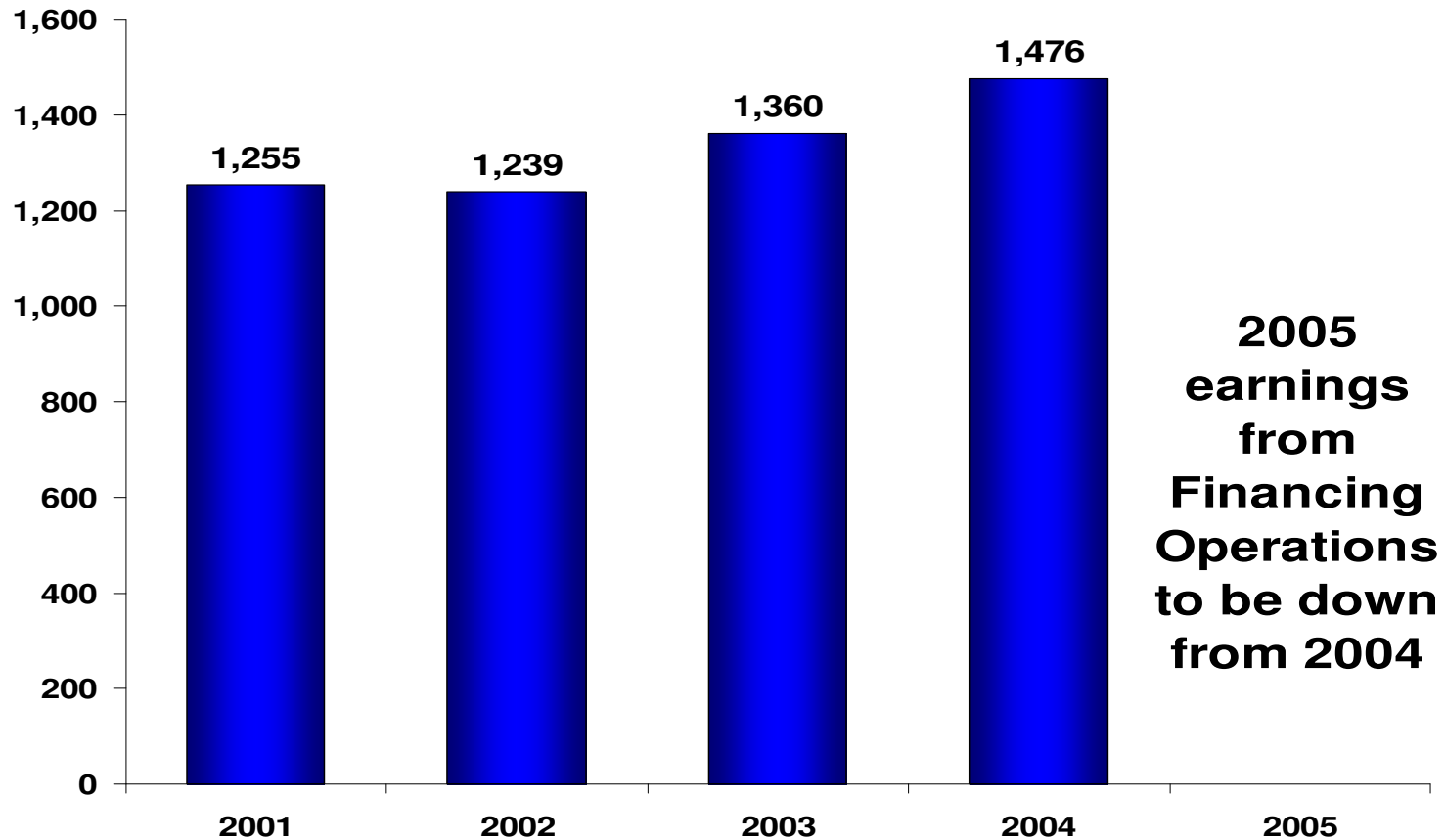
FINANCING OPERATIONS



Financing Net Income



\$ millions





2005 Financing Outlook

2005 Outlook

- Rising Market Interest Rates
- Widening GMAC Borrowing Spreads
- Balance Sheet Capacity Limitations

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- Asset Originations
 - Credit Losses
 - Gains on Off-Lease Vehicles

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Strategic vs. Economic Considerations



Economic Considerations

- Reduce Capital Allocated to Relatively Low RoE Auto Finance Operations



- Reduce Auto Finance Assets
- Free-up Capital Allocated to Financing Operations

Strategic Considerations

- Support GM vehicle sales



- Increase Loan Originations
- Increase Serviced Assets



Transforming Auto Finance Business Model

- Transition from “Storage Business” to “Moving Business”
- **Historical Model: “*Storage Business*”**
 - Originate auto loans
 - Store on GMAC balance sheet
 - Earn net interest margin
- **New Model: “*Moving Business*”**
 - Originate auto loans
 - Sell auto loans to financial institutions
 - GMAC retains servicing after loan is sold

GMAC
“Front-End”

Financial
Institutions
“Back-End”

- **Unique Origination Platform**
- **Captive Financing for GM’s Subvented Business**
- **Auto Loan Underwriting Expertise**
 - **Loan Servicing Expertise**

- **Low Cost of Funds**
- **Balance Sheet Capacity**



Strategic Financing Transaction with Bank of America

- **GMAC has executed an agreement to sell up to \$55 billion of automotive whole loans to BofA**
 - \$5 billion whole loans to be sold by July month-end
 - Up to \$10 billion annually for the next 5 years
- **GMAC's auto whole loan sales to BofA will include full spectrum of active retail finance assets**
 - GMAC will retain servicing of loans
- **Large-scale, long-term GMAC / BofA agreement will underpin GMAC's plan to transform its U.S. retail auto business to an "originate / sell" model**



Capital Allocation Strategy



- **Free-up capital at Auto Financing Operations by transitioning to an “originate / sell” business model**
 - Redeploy capital to ResCap and Insurance
- **Free-up capital from sale of majority equity stake in Commercial Mortgage**
 - Redeploy capital to ResCap and Insurance
- **Remit majority of current year earnings to GM**
 - Dividend to GM for 2005 expected to exceed \$2 billion
- **Bolster capital base / contain leverage**



FUNDING & LIQUIDITY



GMAC Liquidity



- **Global cash position at 6/30/05 of \$22.2 billion***
- **Substantial committed conduit capacity**
- **Substantial automotive whole loan purchase commitments extending through 2010**
- **Favorable liquidity profile**
 - Maturities of interest-earning assets exceed maturities of interest-bearing liabilities for any given period

* Includes \$2.5B of cash invested in a portfolio of highly liquid marketable securities







New Funding Sources



- **Cultivating many new funding channels**
- **Automotive Whole Loan Sales Agreements**
 - Bi-lateral flow agreements
 - Syndicated multi-investor whole loan transactions
- **Sale of subordinated tranches in the capital markets**
- **Non-traditional asset securitization**
 - Sub-prime auto assets
 - Sale of sub-prime mortgages with full risk transfer
 - International auto assets
 - Mortgage assets in Mexico / Germany
- **Growth of GMAC Automotive Bank**
 - Funding auto retail / lease assets with brokered deposits backed by FDIC
 - Providing low-cost source of unsecured funding



2005 U.S. Auto Funding Plan

	<u>2001</u>	<u>2004</u>	<u>2005</u>
Institutional	65%	32%	
Retail	14%	22%	
Secured	21%	33%	
Whole Loan	-	13%	
Total (Billions)	\$65	\$47 *	< 2004

79% (Institutional + Retail)
54% (Institutional + Retail)
ABC
P
Term ABS
Bank Conduits

* Includes pre-funding for 2005



2005 Funding Position

- **Upon \$5 billion whole loan sale to BofA this week, GMAC will have essentially completed its U.S. term funding program for 2005**
- **GMAC will seek to raise additional financing this year opportunistically**
 - Such borrowings will represent pre-funding of 2006 financing requirements

GMAC Structural Subordination Analysis

- **GMAC's secured funding activity will increase through 2006**
 - However, overall GMAC funding plan NOT expected to structurally subordinate unsecured debt holders
- **Structural subordination occurs when high-quality assets are sold, leaving only lower quality assets on balance sheet and / or asset coverage ratios fall dramatically**
- **Credit quality of interest-bearing assets on balance sheet very similar to securitized assets**
 - Intend to maintain this similar credit quality even as securitization and whole loan sales activity increases
- **Therefore, unsecured debt holders become structurally subordinated only if the ratio of unencumbered assets to unsecured debt diminishes**

- **Current asset coverage ratio adequately protects unsecured debt holders**
 - Although unencumbered assets expected to decline, asset coverage ratio will remain stable-to-higher as unsecured debt levels decline even more rapidly

<u>\$ Billions</u>	<u>2004</u>	<u>2005-2006</u>
Unencumbered Assets	158	↓
Unencumbered Debt	119	↓ ↓
Asset Coverage Ratio	132%	Stable-to-Higher



GM / GMAC Relationship



GM / GMAC Operating Agreement

- **Formal public operating agreement in place since 2001**
 - All credit transactions are conducted and priced at prudent and commercially-reasonable standards and established on an arm's length basis
 - GMAC's equity will be kept at commercially-reasonable levels to support its assets
 - At all times, GMAC will maintain separate books, records, financial statements and bank accounts from GM
- **Agreement has stood the test of time**
 - GM and GMAC are recognized as separate stand-alone companies
 - Agreement is a legally-binding enforceable contract between GM and GMAC



Strategic Challenges

- **GMAC facing challenging funding environment**
 - Access to unsecured debt market impaired
 - Borrowing costs have increased sharply
- **GMAC currently meeting all of its financing needs through wide variety of funding channels**
- **However, if access to unsecured borrowings remains impaired it will be very challenging for GMAC to continue providing a full-range of competitive auto finance support to GM**



Recent Public Announcements

Rick Wagoner – GM Annual Meeting 6/7/05

- GM exploring strategic alternatives with respect to GMAC in order to achieve 2 objectives:
 - i. Higher ratings for GMAC
 - ii. Continued GM/GMAC “hand-in-glove” operating relationship



Summary and Conclusion

- **GMAC expects to exceed 2005 target net income of \$2.5 billion**
 - Results for first half closely tracking 2004's record results
- **Accomplished many key strategic initiatives**
 - ResCap successfully accessing cost-effective unsecured funding and providing liquidity relief to GMAC
 - Five-year \$55 billion committed whole loan agreement executed with BofA
- **Liquidity remains strong**
 - \$22.2 billion cash position at 6/30/05
 - Essentially completed U.S. term funding program for 2005
- **GMAC continues to provide strong strategic support of GM vehicle sales**
 - GM exploring strategic alternatives to ensure this strong support can continue



General Motors Acceptance Corporation