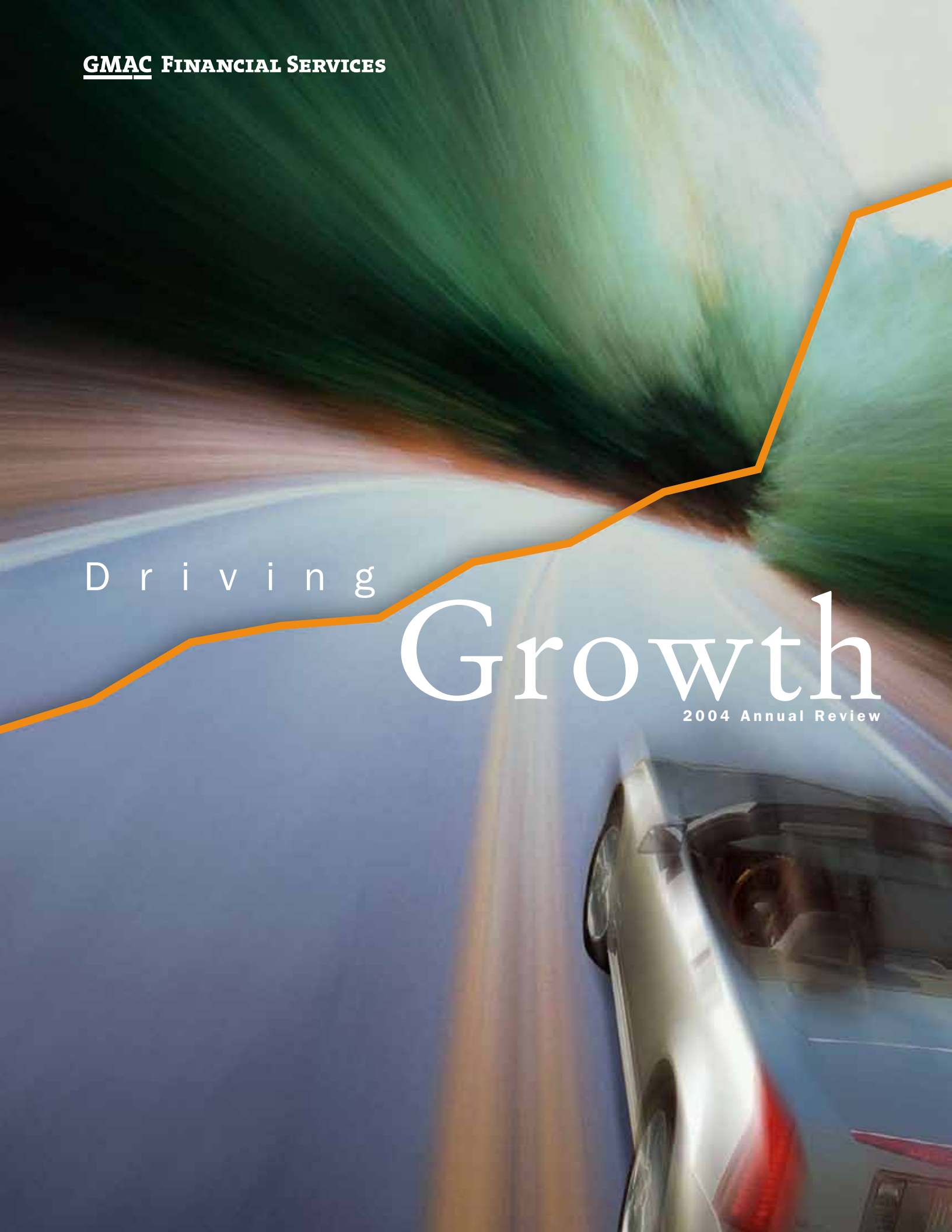


GMAC FINANCIAL SERVICES

D r i v i n g

Growth

2004 Annual Review



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General Motors Acceptance Corporation (GMAC), a wholly owned subsidiary of General Motors Corporation since 1919, operates under the brand name of GMAC Financial Services. When we say GMAC Financial Services in this publication, we generally are referring to GMAC and its subsidiaries. GMAC financial statements are available at www.gmacfs.com.

*GMAC Financial Services
strives for superior results as we
diversify and grow. In 2004, we
overcame significant challenges
to turn in a record performance.
We're an evolving enterprise,
committed to supporting the
global automotive sales of
General Motors as we stretch our
limits and reach for new heights.*

“We’ve taken our core competencies—borrowing, lending, collecting and assessing risk—and leveraged them broadly into diversified businesses...to improve our overall earnings.”

Eric A. Feldstein, Chairman



GMAC Financial Services posted net income of \$2.9 billion in 2004, marking yet another year of record earnings and our tenth straight year of increased profits.

The strong 2004 performance was achieved in a very difficult environment in which GMAC encountered rising interest rates in the marketplace and incurred credit rating downgrades from all four credit rating agencies. Looking ahead, GMAC is committed to a course of action intended to sustain its level of performance over the coming years, even in the event of rising interest rates and continued credit rating pressures.

Behind the numbers is the remarkable story of an 85-year-old organization that has demonstrated the ability to transform itself from what was, for decades, predominantly an automotive finance company into a highly diversified financial services company. We are very proud of our achievements and committed to continuous improvement.

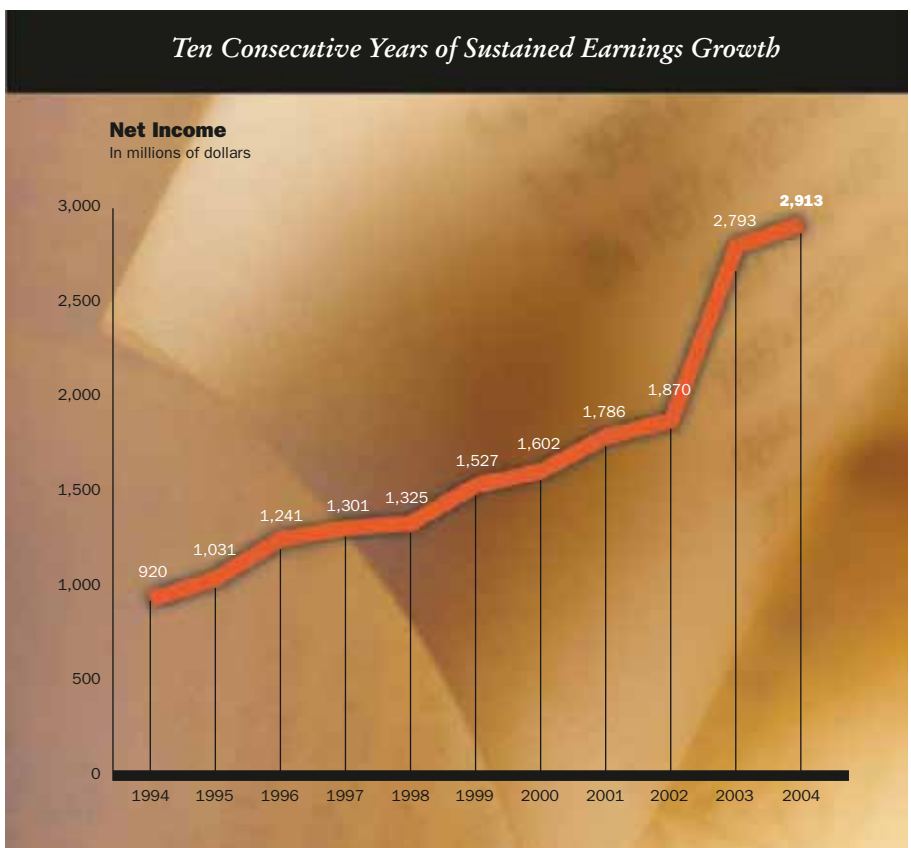
GMAC's move to a more diversified business model has driven improved profitability. We've taken our core competencies—borrowing, lending, collecting, assessing risk—and leveraged them broadly into diversified businesses, generating greater returns on our capital to improve our overall earnings.

We've also significantly reduced our reliance on institutional unsecured debt, turning instead to many forms of secured funding at much lower cost. As GMAC has increased the amount of auto finance contracts it sells and securitizes, GMAC has maintained the right to service those contracts, thereby remaining the “face” to the dealer and the customer in all strategic aspects of our auto finance business.

Financing Operations:

Financing the sale of cars and trucks is our foundation. Through innovative wholesale and retail financing activities, GMAC supports the sale of GM vehicles in more than 40 markets around the globe. Our financing operations are composed of North American auto financing, international auto financing and commercial finance. In 2004, GMAC's financing operations posted combined net income of \$1.5 billion, an increase of \$116 million over the previous year.

In North America, we saw continued success in remarketing our own used vehicles and those of our dealers via our Web-based SmartAuction and SmartAuction Direct. Since the creation of these proprietary sites in 2000, GMAC has steadily increased the volume of used vehicles sold through SmartAuction. In 2004, nearly 40 percent of off-lease vehicles were sold through this electronic auction system, bringing cumulative SmartAuction sales over the one million mark. In auto finance, North American operations heightened its focus



Report from Management

on nonprime business and increased its revenue and earnings in that area. GMAC's nonprime auto finance subsidiary, Nuvel, shifted its focus from financing used vehicles to financing new GM vehicles and nearly doubled its GM volume last year. Finally, General Motors dealers, continued to demonstrate their approval of GMAC's wholesale and retail financing by issuing marks of satisfaction that hit the 92 percent level.

International auto financing operations made a historic entrance in China as it became—with its Chinese joint venture partner—the first foreign-based financial services company to offer vehicle financing there. In Europe, GMAC provided support for GM's Cadillac and Corvette imports and expanded support of Daewoo's growth. GMAC's financing operations also continued profitable growth in the Latin America region.

Insurance Operations:

GMAC Insurance operations achieved record net income of \$329 million in 2004, up from \$179 million in 2003. The Personal Lines Group grew its top-line revenue considerably, driven by a 79 percent increase in bookings of new GM Family (employees and retirees) customer accounts. The GM Protection Plan, GMAC's extended service contract on new GM vehicles, increased penetration to 17 percent of new GM vehicles. Meanwhile, the international side of GMAC Insurance contributed about 10 percent of total insurance earnings with Car Care Plan, the extended vehicle warranty program in the United Kingdom, and ABA Seguros, GMAC's Mexican auto insurer. Both experienced rapid growth.

Mortgage Operations:

GMAC Mortgage operations recorded \$1.1 billion of net income during 2004, falling short of its \$1.3 billion earnings performance in the prior year. Mortgage profitability was constrained last year by lower U.S. volume and narrower margins—pressures that are likely to continue through 2005. Nonetheless, the profit outlook for GMAC Mortgage operations remains bright in light of rising market share, increased fee-for-service income and profitable mortgage growth overseas.

Outlook for 2005:

At GMAC Financial Services, we remain sharply focused on the future. Our strength lies in our diversified approach, our rapid response to market opportunities and our quick implementation of effective business strategies. While 2005 will be challenging—based on credit rating pressures, funding requirements and a fiercely competitive environment—we look forward to continued strong profits at our financing, insurance and mortgage operations.

We'll continue to implement strategic changes to our business to sustain a high level of earnings performance over the long term. GMAC is a leader in the financial services industry, and we intend to grow that leadership position. All the while, we remain committed to our strategic mission: to support GM with innovative auto financing products and services that promote General Motors sales around the globe.

Sincerely,



Eric A. Feldstein, Chairman



William F. Muir, President



“We’ll continue to implement strategic changes to our business to sustain a high level of earnings performance over the long term.”

William F. Muir, President



Sustained Success

Financing the sale of new GM vehicles was the reason GMAC was founded in 1919. More than 80 years later, our auto financing business remains essential to GMAC's continued growth.

GMAC's financing operations faced a year of challenges and opportunities during 2004, but we overcame the obstacles, embraced exciting new prospects, and contributed to GMAC's global growth, diversification and sustainable earnings.

The result was another strong year across our financing operations, which include North American Auto Operations (NAO), International Operations (IO) and GMAC Commercial Finance. Each business unit contributed to GMAC's 10th consecutive year of earnings growth with a total net income of nearly \$1.5 billion. It wasn't always easy, but we proved there's nothing quite like a challenge to keep a sharp-thinking company on its toes.

Among our notable achievements in 2004:

IO reported record net income of US\$415 million—a 50 percent increase over the previous year. Profits were up in all three IO regions, and that included growth in every Latin American country where we do business. The full-service leasing business had its best year ever.

NAO's GM retail and lease penetration—the percentage of new GM vehicles financed or leased through GMAC via dealers—exceeded 40 percent for the seventh straight year. Wholesale penetration—GMAC's share of dealer inventory financing—was steady at 80 percent.

GMAC Commercial Finance's high-quality portfolio of loans resulted in improved loss experience, the primary driver for sustained earnings in the commercial lending marketplace. A part of GMAC since 1999, Commercial Finance serves a wide variety of middle-market clients in diverse industries.

Overcoming Obstacles

We have overcome challenges in meeting our objective of continued growth and earnings increases for NAO and IO. The most significant obstacle has been funding the business. GMAC's credit ratings are down and the funding requirements and costs to borrow the funds that fuel the business are up. But NAO and IO have launched successful countermeasures to overcome these hurdles.

An aggressive securitization strategy is paying off big. GMAC sells pools of automotive financial or income-producing assets to trusts, and investors purchase securities backed by the assets. The result is GMAC obtains lower-cost funds and investors own highly rated securities.

Our new GMAC Automotive Bank is helping us diversify our funding sources. This Utah-based industrial bank, which opened its doors in August 2004, raises funds from FDIC-insured certificates of deposit sold through brokers to give GMAC access to lower-cost sources of funding. It also purchases retail and lease contracts from eligible dealers.

New Frontiers

Opening the door to new opportunities was a recurring theme in 2004. But we didn't simply open the door: We took major strides into new markets and ventures.

GMAC Commercial Finance took advantage of changes in European Union (EU) banking laws and applied for a banking license in Germany. By moving fast, GMAC Commercial Finance will be one of the first asset-based lenders in Western Europe. GMAC Commercial Finance also opened an operation in Poland in 2004 and was quickly established as a leading presence in the country's factoring market.

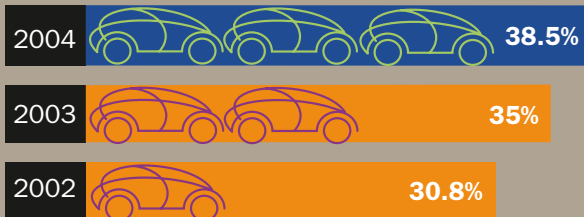
International auto financing operations made a historic entrance in China as it became—with its Chinese joint venture partner—the first foreign-based financial services company to offer vehicle financing in the country. In Europe, GMAC supported GM's Cadillac and Corvette imports to the continent and is actively supporting Daewoo's (now rebranded as Chevrolet) growth. International auto financing operations earnings reflected its growing success with income of \$415 million, up from \$279 million in 2003.

NAO capitalized on the profit potential of remarketing off-lease vehicles through SmartAuction, our online vehicle auction site for dealers. Our SmartAuction

SmartAuction

by **GMAC**

- **SmartLease terminations sold on SmartAuction:**



- **For the third consecutive year, SmartAuction sold more than 300,000 vehicles.**
- **SmartAuction sold its 1,000,000th vehicle in 2004.**
- **SmartAuction sold over 100,000 rental returns in 2004.**
- **GM dealer-owned vehicle sales were in excess of 27,000 units as dealers posted more than 120,000 vehicles to the SmartAuction Web site.**

Direct site—where dealers can sell their own used-vehicle inventory—grew significantly. We sold our one-millionth vehicle on SmartAuction during 2004 plus 27,000 dealer-owned vehicles via SmartAuction Direct. Each SmartAuction sale generated revenue for GMAC.

Best Practices

We focused on our key strengths in 2004 by emphasizing solid underwriting, expert collections and excellent customer service in the auto financing business—all vital to GMAC's solid performance.

NAO's superior products and customer service earned high scores once again in the J.D. Power & Associates Dealer Financing Satisfaction Study. Overall satisfaction among dealers in the U.S. grew to 92 percent being "very/somewhat satisfied." GMAC of Canada swept all categories for the fourth straight year.

over year. Much of this growth resulted from an impressive turnaround at CarLand, our used-vehicle retailing operation in the United Kingdom. CarLand's success is largely due to a streamlined management structure and enhanced focus on customer service.

But we haven't gotten where we are today without constantly developing new strengths. One excellent example is IO's approach to insurance product sales, which has generated excellent results. Insurance penetration in 2004 was 62.1 percent, an increase from 44.8 percent in the previous year.

Nuvell, NAO's nonprime and private-label financing subsidiary, shifted its focus to financing new GM products. Nuvell's new programs helped GM and GM dealers generate incremental sales. Nonprime contracts on new GM vehicles grew by 72 percent.

GMAC Commercial Finance brought a new Supplier Early Payment Program

(SEPP) to the market. SEPP helps large companies improve the stability of their supply chain, enables them to streamline their accounts-payable processing and provides their suppliers with advance payment of accounts receivable on an as-needed basis. The program generated more than \$140 million in traded volume in its first year of operation. GMAC Commercial Finance is implementing the program for GM's suppliers.

GMAC Commercial Finance's Equipment Finance Division reported another year of growth, with pre-tax profits increasing by 19 percent. Average earning assets also increased. A sound strategy, a top-notch staff and thorough market analysis are responsible for the division's continued upward momentum.

IO's full-service leasing business increased earnings in 2004 by 20 percent year

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One-Company Commitment

GMAC's primary mission always has been to help GM sell more cars and trucks. Nuvell and GMAC Commercial Finance's SEPP are two examples of how we're constantly seeking innovative approaches that help us live up to that goal year after year.

In IO, GMAC helped GM establish a common European offering for Daewoo and supported the transition of the Daewoo brand to Chevrolet, more than tripling our finance volume compared to 2003 for this brand.

NAO supported GM's objectives of increased vehicle sales and improved profitability by focusing on the core business, reducing structural costs, working hard to satisfy our customers—and exploring new avenues for continued growth.

GMAC's financing operations met challenges head-on in 2004. Through ingenuity and dedication, we applied our strong skills to new strategies that contribute to the sustained success of GMAC Financial Services.



*Aircraft. Apparel.
Steel. Only a few of the
global industries
GMAC Commercial Finance
performs in with loan
facilities up to \$500 million.*



Superior Results

GMAC's insurance operations had a stellar 2004. Profitable growth, diversification and innovative strategies worldwide contributed solidly to GMAC's trend of profitability.

Focusing on the fundamentals and offering innovative programs proved to be an excellent strategy for GMAC Insurance in 2004. Our underwriting and claims expertise and customer service are exceptional. And the proof is in the results: We're growing and prospering year after year.

GMAC Insurance—which encompasses the MIC Group and the Personal Lines Group—played a more prominent role in GMAC's sustained earnings growth during 2004. In fact, it was our best year yet: GMAC Insurance generated record net income of \$329 million in 2004—up from \$179 million in 2003.

Among our key accomplishments:

A record year at the MIC Group, driven by great results across all of our business

units: GM Protection Plan, Specialty Markets & Products (SM&P), GMAC RE and International Operations.

Strong performance at the Personal Lines Group, especially in our sales of insurance to GM customers. These sales increased eightfold between 2002 and 2004.



Relentless Focus

Some of our success has come from sticking to what we do best. Over the years, the MIC Group's GM Protection Plan has become one of the world's largest providers of extended-service contract products. Our penetration of GM Protection Plan sales on new GM vehicles grew to 17 percent during 2004, from an already solid 15.5 percent in 2003. There are nearly 4 million active extended-service contracts in the U.S.

We attribute the GM Protection Plan's sustained growth to a one-team approach, both within the MIC Group and with our colleagues at GMAC. Together, we're constantly improving our product design, administration, claims service and field sales.

Our emphasis on GM-related business is paying dividends at the Personal Lines Group. Being part of the GM Family is a competitive advantage other insurers can't match. And we're playing it to the hilt. Through access to tens of millions of GM customers—such as vehicle owners, OnStar subscribers and GM Card holders—we can target consumers who are already loyal to GM companies.

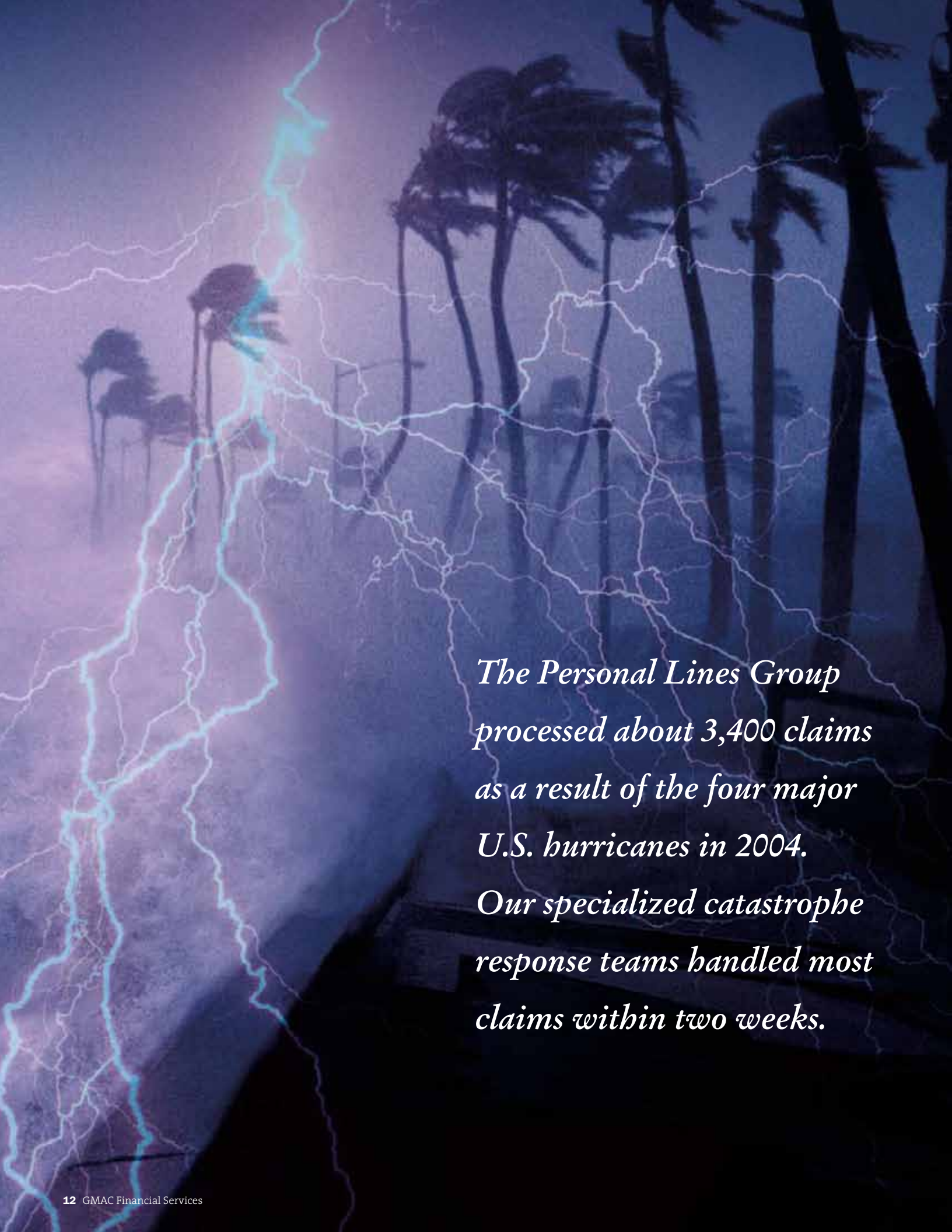
The foundation of the Personal Lines Group's GM-related business is our Family First program, which offers special benefits to GM employees, retirees, suppliers and their families. Family First exceeded our new business goal of 18,500 policies, ending 2004 with 22,000 new policies. We also doubled our new business generated through GM companies. And, in 2004, 96 percent of Family First customers with claims stated they would either

"definitely" or "probably" recommend GMAC Insurance to friends.

Broadening Our Business

Simply maintaining the status quo doesn't sustain the kind of growth GMAC Insurance has experienced in recent years. We continuously apply the knowledge and proficiency gained in our core businesses to new arenas, particularly those related to GM's business. And the strategy is fueling continued earnings increases.

With the MIC Group's TIPS (Total Insurance Products and Services) program, for example, we used our experience with dealerships to develop a single source of dealer-focused



*The Personal Lines Group
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Our specialized catastrophe
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Insurance Operations

insurance products and services. Consistently adding new products and partners has contributed to TIPS' growth in its first four years—with 2004 revenue increasing by 20 percent over 2003. Our working-as-one-company approach paid off when TIPS introduced a new vehicle-theft insurance product created in conjunction with OnStar.

Our international business, which is part of the MIC Group, further illustrates the success of this one-company commitment. We broadened our reach, both geographically and strategically, while leveraging opportunities available to us through GM and GMAC.

Our GMAC Insurance International Programs team generated a 30 percent increase over 2003 in fee income for International Operations. We also made excellent progress in our relatively new International Reinsurance business. Both our well-established Car Care Plan subsidiary in the United Kingdom and our newer Mexican operation, ABA Seguros, achieved strong growth in 2004.

Strong Profits

Growing is one thing. Growing profitably is another. And our SM&P business is a prime example of the latter.

SM&P, created to pursue new growth opportunities and increase GMAC Insurance's share of the total vehicle service contract market, had another strong year in 2004. This was largely driven by growth at our Universal Warranty Corp. (UWC) subsidiary and our Canadian businesses.

UWC, a third-party administrator of vehicle service contracts, grew 65 percent in 2004 with positive bottom-line results. Through underwriting improvements, Canada's SmartCoverage

Insurance Agency made strides in profitability beyond our expectations, and our support of GM Canada's Optimum Certified Used Vehicle program generated excellent bottom-line results.

Our Personal Lines Group made major gains during 2004 in a long-term project to consolidate multiple information technology (IT) systems into one. By creating a single IT system, the Personal Lines Group will become more competitive and productive and will be better positioned to grow the business, largely by being more responsive to customer needs and market opportunities.

Customer Focused

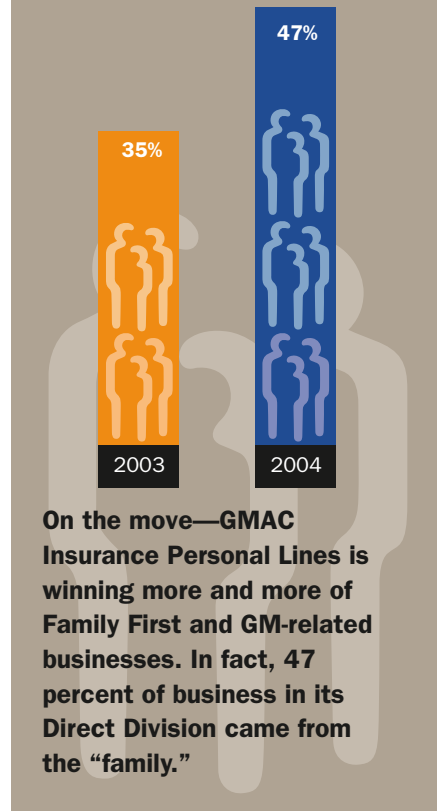
Taking care of customers remains paramount across GMAC Insurance. We had a unique opportunity to prove this commitment during one of the worst hurricane seasons in recent memory. Our hurricane-related losses in 2004 exceeded \$30 million, but the value of our products and services was heightened in the eyes of our customers.

The Personal Lines Group processed about 3,400 claims as a result of the four major U.S. hurricanes in 2004. Our specialized catastrophe response teams handled most claims within two weeks.

But that was only the beginning. We contacted insureds after each storm to speed the claim process—truly living up to the GMAC Insurance brand promise of “keeping people moving forward with their lives.” We also partnered with a recreational vehicle repair facility to create a mobile repair shop to assist people living in RVs.

The MIC Group was hardly immune to the storms' wrath. In particular, the Commercial Lines Group at GMAC RE incurred significant losses because of damage at dealerships covered by our inventory insurance programs.

The GM Family Link



Our claims personnel performed adjustments for thousands of vehicles to help our dealer customers quickly return to business.

But our losses could have been worse. Thanks to a program that pays covered dealers to move inventory out of the path of oncoming storms, GMAC Insurance motivated dealers to transport more than 10,000 vehicles to a safe location.

Across GMAC Insurance, our ongoing mission is to provide great insurance products and services to GM, GMAC and their customers while continually pursuing avenues for growth and enhanced profitability. And in 2004, it was a mission we accomplished extremely well.

The last few years have been a very good time to be in the mortgage business. We've seen the results firsthand at GMAC, with mortgage operations contributing significantly to our sustained earnings over the last decade.

Even when mortgage volumes declined significantly following a period of surging growth in 2004, GMAC's mortgage operations remained strong. It took ingenuity and dedication, but we stayed successful despite tougher times.

Total 2004 earnings for our mortgage operations were \$1.1 billion, down only slightly from 2003's record net income of \$1.3 billion. All three of our mortgage companies—GMAC Residential, GMAC Commercial Mortgage and GMAC-RFC—sought avenues for growth and diversification. And we made substantial gains in market share.

Among our key results in 2004:

GMAC Residential's servicing portfolio reached a record high of \$213 billion. We had an investment portfolio of \$2.5 billion and loan production of \$85 billion—representing 3.5 percent of the market, up 0.5 percent compared to 2003.

GMAC Commercial Mortgage's servicing portfolio reached more than \$247 billion by the end of the year.

GMAC-RFC's cumulative mortgage securitization volume passed the \$300 billion mark with more than \$50 billion in mortgage assets across five countries securitized in 2004.

Leading the Industry

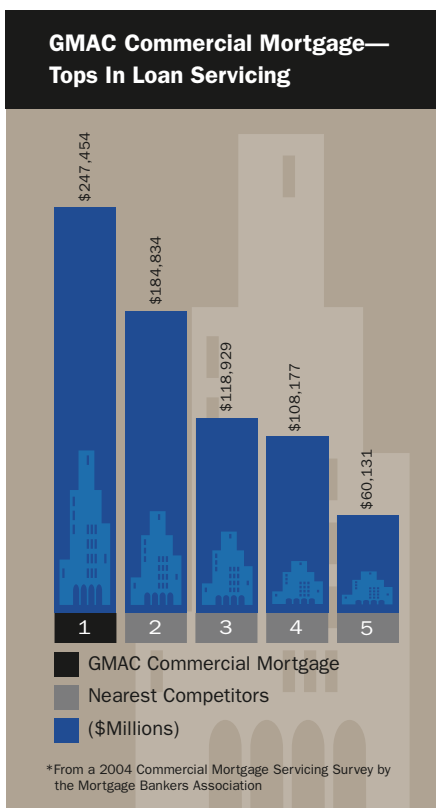
The companies that make up GMAC's mortgage operations maintained their leading positions in a number of areas during 2004—even in the face of a slowing market pace.

GMAC Residential experienced a second consecutive year of exceptional performance in 2004. We pursued further development of our operation's mortgage lending brands, which include GMAC Mortgage, ditech.com, GMAC

Bank and CalDirect. GMAC Mortgage and ditech.com are two of the most recognized brands of mortgage lenders in the United States, and we continue to promote our other brands, including GMAC Real Estate and GMAC Global Relocation Services, which are operating companies of GMAC Home Services.

GMAC Commercial Mortgage is a recognized leader in the global commercial real estate industry. And no wonder: In 2004 we remained the industry's largest servicer of commercial mortgages, Fannie Mae's No. 1 affordable housing producer and Freddie Mac's overall top producer in the U.S. We've earned a reputation for expertise and versatility that has fueled many years of consistent earnings increases since being established in 1994.

GMAC-RFC's Residential Capital Group remained the nation's top warehouse lender with outstandings averaging more than \$8.1 billion. We also remained a top-five private issuer of mortgage-backed securities with 2004 issuance of \$42.3 billion. GMAC-RFC continued to extend our proven business model and disciplined approach to risk management to new markets outside the U.S. In 2004, we issued our first mortgage-backed security in Canada and had record securitization volume of \$6.8 billion in the United Kingdom.





Strength in Numbers

Mortgage Operations

Year-Over-Year Growth

Our mortgage operations have grown substantially year after year, and 2004 was no exception. Whether by focusing on our core businesses or expanding beyond our traditional markets, each of our mortgage companies grew successfully.

The European commercial real estate market offers vast opportunities for GMAC Commercial Mortgage to apply our extensive capabilities. Our London-based European Lending Operations closed transactions totaling more than \$883 million in 2004. We also agreed to form a strategic alliance in Germany with two partners, including a German bank, to establish a special servicing platform that will help us capitalize on potential future business opportunities.

We took steps to grow GMAC Residential's business in the western U.S., completing our purchase and integration of Pacific Republic Mortgage's retail and wholesale sales offices. Our Business Lending group continued its strong performance, delivering more than half of 2004's total lending production.

GMAC-RFC's International Business Group experienced substantial growth in 2004. In just five years, GMAC-RFC has become the No. 1 nonconforming mortgage lender and the twelfth-largest mortgage lender in the United Kingdom, where we originated \$12.2 billion in mortgages in 2004. Results were equally strong in the Netherlands, where we originated \$1.6 billion in mortgages and issued a record \$1.9 billion in mortgage-backed securities. In addition to establishing mortgage lending operations in Germany, we also saw powerful growth


in our Mexican residential construction lending business and our Canadian mortgage lending business—with the latter funding a record \$644 million in residential mortgages.

Stretching the Limits

When you're already a leader in your market, diversification is vital to continued growth. This is a philosophy GMAC's Mortgage Operations have taken to heart in recent years.

At GMAC Residential, for example, 20 percent of our total earnings in 2004 were generated by diversified businesses, including real estate brokerage services, corporate relocation and mortgage loan settlement services.

GMAC-RFC's Business Capital Group is a stellar example of successful diversification. The group's residential



*Finding a home.
Buying a home.
Selling a home.
All about the expertise
at GMAC Mortgage.*

real estate finance businesses, which offer innovative capital and liquidity solutions to leading home builders and developers, grew outstandings to \$3.4 billion in 2004, an increase of more than 20 percent over the previous year. GMAC-RFC's health-care finance and resort finance businesses had similarly strong results.

GMAC Commercial Mortgage further diversified our Asian operations in 2004 by forming a partnership with Pan Asia Bank. The partnership will help GMAC Commercial Mortgage use our core lines of business as a springboard for growth, particularly in Taiwan's sizable market for investments in distressed assets.

An Evolving Enterprise

No matter how successful we are, we know we can always be better. And we

pursued numerous opportunities for improvement across GMAC's mortgage operations in 2004.

GMAC Residential completed our debt servicing utility initiative to consolidate the company's three servicing operations into one, which has already resulted in millions of dollars in cost savings for our operation.

GMAC-RFC worked to expand our homeownership preservation initiative, which is focused on keeping more families in their homes. Under GMAC-RFC's private-public partnership model, mortgage lenders, nonprofits and government agencies work side by side to create real alternatives to foreclosure. With the success of our Chicago pilot in 2003, GMAC-RFC established local partnerships in three major cities in 2004 to reduce the incidence of foreclosure.

At GMAC Commercial Mortgage, 2004 was a year of transition, with the goal of positioning ourselves for sustainable growth moving forward. But that didn't stop us from successfully completing major transactions such as the \$320 million in construction financing we provided for the innovative new headquarters of the New York Times Company.

Our foundation is strong. Our market leadership is consistent. Our dedication to the pursuit of new opportunities is steadfast. And across GMAC's mortgage operations, our energy and commitment contribute to GMAC's long-term growth and profitability.



The funding environment in 2004 continued to be challenging with the U.S. Federal Reserve raising interest rates 125 basis points and credit rating agency actions leading to wider borrowing spreads during the course of the year.

Against this backdrop, GMAC executed a term-funding program for U.S. operations in 2004 of \$47 billion, including pre-funding for 2005, the second highest U.S. funding program in our history. GMAC continued to use the quality of its assets to access lower-cost funding from both the securitization and the rapidly expanding auto whole loan market. As a result there has been a significant shift from our funding mix of 2001 to what we achieved in 2004. For example, asset-backed securities went from 21 percent

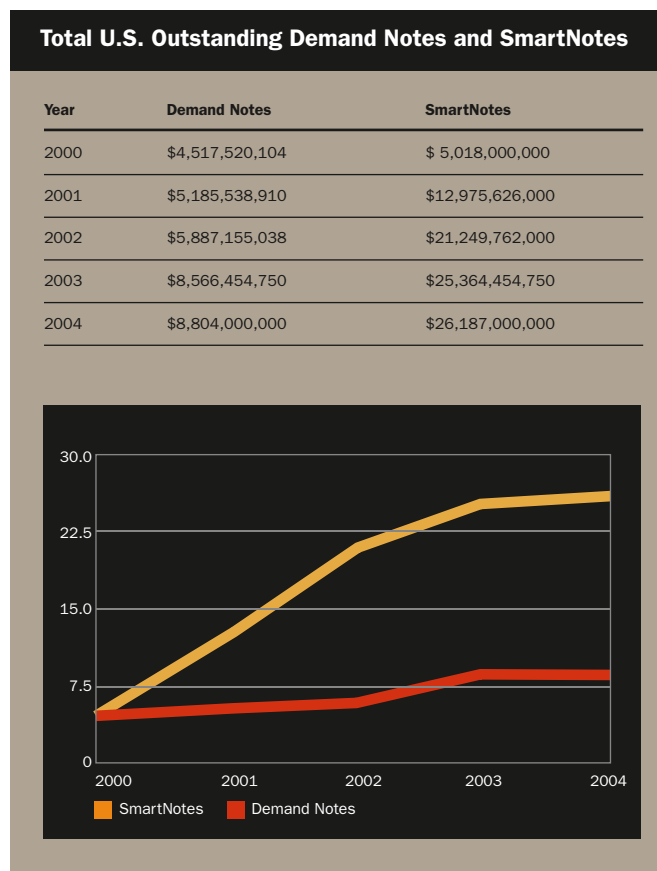
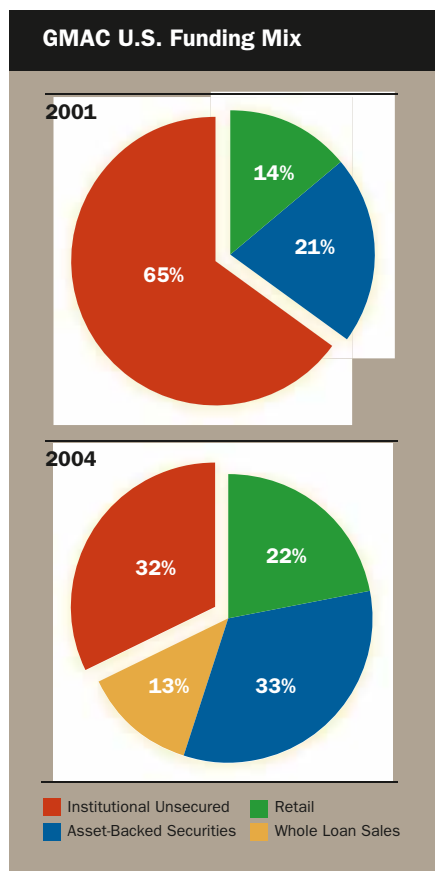
of our mix to 33 percent, and auto whole loan sales—not a part of the mix at all in 2001—claimed a 13 percent share in 2004. During this time frame, we enjoyed growing success in the retail debt market.

This latest mix highlights the reduction in our funding from the institutional markets and the increased importance of both the retail and securitization markets for GMAC.

In 2004, GMAC marked some important

milestones in the expansion of our funding sources and securitization activities in both of our automotive finance and mortgage sectors.

- For the first time, we entered into auto whole loan flow agreements—an arrangement whereby GMAC is able to obtain forward commitments from purchasers of retail receivables. This provided GMAC with an additional source of guaranteed liquidity for the funding of our business. In 2004, we sold more than \$6 billion in whole loans



and anticipate that this will become an increasingly important source of funding in 2005 and beyond, as we transition the U.S. GMAC auto business from a “storage” to a “moving” model, that is, one that originates assets and places them on balance sheet to one that originates assets and sells them to third-party investors.

- In another first, we developed structures to monetize consumer lease receivables, another important

asset class to GMAC, in both the U.S. and Canada. To date, these structures have been executed via private transactions, but now we are looking at public options as well.

- GMAC also continued to develop structures to sell more of our international finance receivables and initiated the process of securitizing nearly one billion euros of German retail assets in 2004, which we successfully closed in early 2005. We also began work on securitizing GMAC Commercial Finance receivables in the United Kingdom, which should close in the second quarter of 2005.

- Within our Mortgage Group, Residential Mortgage committed facilities to fund servicer advances and Mortgage Servicing Rights. Additionally, GMAC-RFC significantly expanded its whole loan repurchase facilities and established committed facilities to fund servicer advances and residuals. Commercial Mortgage executed approximately \$6 billion in committed funding facilities and expanded its use of deposits through its wholly owned bank.

- For personal investment, our Demand Notes and SmartNotes programs remain popular. At the close of 2004, eligible investors had nearly \$9 billion in Demand Notes and investors had more than \$26 billion in SmartNotes. Additionally, the opening of the GMAC Automotive Bank now gives investors access to FDIC-insured certificates of deposits issued through agents—another efficient source of our funding. In fact, FDIC-insured bank funding is now a growing and important source of liquidity for our commercial and residential mortgage businesses also.

We ended 2004 with a cash portfolio of nearly \$23 billion. With rising interest rates a certainty in 2005, we rebalanced our debt portfolio, replacing a large portion of floating-rate debt with fixed-



“We ended 2004 with a cash portfolio of nearly \$23 billion. GMAC...will continue to develop diverse sources of capital to meet our ongoing funding needs.”

Sanjiv Khattri

rate debt at attractive levels. We also are reducing our reliance on unsecured debt and tapping into many forms of lower-cost secured financing. Based on GMAC’s current financial position, its funding strategy and diversified financing sources will continue to develop diverse sources of capital to meet our ongoing funding needs. While the credit-rating environment for both GM and GMAC continues to toughen, we are having continued success diversifying our sources of funding and protecting GMAC from liquidity risks. With these diversified sources, we are confident that we can continue to fund the world-class origination capability of the GMAC team.

As always, we are most appreciative of the support provided by our banks and investors. We continue to offer attractive investment options at competitive rates of return to them. Their support has been a key part of the success of GMAC’s funding performance.

Sanjiv Khattri, Executive Vice President and Chief Financial Officer

Information for Investors

The business of GMAC is financed by equity capital, intermediate and long-term debt issues, short-term and medium-term notes offered on a continuous basis, securitization of assets and overseas borrowing under bank lines of credit.

In the United States

GMAC Demand Notes: Demand Notes is designed to offer eligible GM family members a convenient means of investing funds directly with GMAC. Demand Notes is an unsecured debt obligation of GMAC. It is neither a money market fund nor a bank account and is not FDIC insured. Demand Notes provide a favorable rate of return (when compared to competitive investments), easy access to your funds and a low initial investment of \$1,000. Offered in the U.S. by prospectus only. For a prospectus and information: Call 1-888-271-4066 or visit www.demandnotes.com.

GMAC SmartNotes: An investment that offers both fixed and floating rate structures and is designed for the individual investor. SmartNotes have various interest payment structures with maturities from nine months to 30 years. Notes are issued through dealer agents in book-entry form in denominations of \$1,000 or more and are sold in the U.S. by prospectus only. For a prospectus and rate information: Call 1-888-271-4066 or visit www.smartnotes.com.

Commercial Paper: GMAC principally offers commercial paper directly to institutional and commercial investors in book-entry form on a continuous basis. These short-term promissory notes are available to mature on any business day selected by the investor, with a maximum maturity of 270 days. GMAC commercial paper is issued on a discount or interest-bearing basis at identical yields and is payable upon maturity at a designated bank. For rate information or to place an order: Call 1-800-338-4622.

Medium-term Notes: GMAC sells medium-term notes through dealer agents in book-entry form on a continuous basis. These notes are offered by prospectus and are issued in registered form for any maturity ranging from nine months to 30 years. Interest on fixed-rate notes is paid semi-annually on April 1 and October 1, or annually on October 1, at the option of the original purchaser, and at maturity. Notes are issued in denominations of \$1,000 or more: Call 1-800-338-4622 or write P.O. Box 200, Detroit, MI 48265-2000.

Outside the United States

GMAC of Canada Limited borrows its funds in a similar manner to that followed by GMAC in the United States. In other countries, funds required to finance GMAC operations are generally acquired through a combination of short-term and medium-

term loans from banks, institutional investors, capital market transactions and, in certain countries, through the sales of notes (including SmartNotes) in the open market. The general practice is for such borrowings to be guaranteed by GMAC.

Contact Us: www.gmacfs.com

GMAC Customer Service Center/Auto Financing
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GMAC SmartLease/Smart Products
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Nuvel
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www.nuvel.com

GMAC Home Mortgage/Home Equity Loans
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Family First
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www.gmfamilyfirst.com

GMAC Commercial Mortgage
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GMAC-RFC
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GMAC Commercial Finance
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www.gmacinsurance.com
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GMAC files with the Securities and Exchange Commission Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. These reports contain complete information concerning GMAC, including finance statements and other financial information. These reports are available on GMAC's Web site at GMAcfs.com (to access them enter "Investment" then "Financial Statements and SEC Filings"). In addition, you can write us at Controller's Office, 200 Renaissance Center, MC 482-B08-A36, Detroit, MI 48265 to obtain a copy of any such current filed report.

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