

**Written Statement of
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GMAC Financial Services
Before the Congressional Oversight Panel**

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Introduction:

Good morning Chair Warren and Panel members Atkins, Neiman, Silvers and McWatters.

On behalf of GMAC and its approximately 19,000 employees, I first want to say that we are extremely grateful for the investment from the U.S. government and we view repayment of that investment as our highest priority.

I am here to address the strategic direction for GMAC, our progress in stabilizing the company, and the path toward repayment of the taxpayer's investment. I will also offer some perspective on the current state of the automotive financing sector and its ability to recover and sustain itself without the need for additional financial assistance from taxpayers.

GMAC's Strategic Direction:

Let me start with discussing GMAC and its strategic direction. I joined GMAC as CEO in November 2009, and have served on its Board of Directors since May of 2009.

The capital infusion from the U.S. Treasury has been critical in allowing GMAC to fulfill its mission of supporting the U.S. auto industry's revitalization. GMAC has a unique position in the auto industry as one of the largest providers of credit to dealers and end consumers and we are able to hold that position in large part because of the infrastructure, the history in this business, and the experience of our talent base.

At the end of 2009, GMAC supplied 90.9 percent of GM dealer floorplan financing and 77.3 percent of Chrysler dealer floorplan financing in the U.S. This type of financing is vital for these small businesses to have inventory on their lots. Also, during the fourth quarter of 2009, GMAC financed 30.3 percent of GM retail sales and 25.5 percent of Chrysler retail sales in the U.S.

Given the unavailability of liquidity from other sources during the financial crisis, it is fair to say that without the government's support of GMAC, numerous GM and Chrysler dealers would not have survived and thousands of consumers would not have been able to buy GM or Chrysler vehicles.

Let me describe recent actions that have been taken by GMAC and its plans for the future repayment of the U.S. Treasury's investment.

In the last quarter of 2009, GMAC took substantial write-downs and reserves primarily in our mortgage business in order to position GMAC for the future, although I should point out that GMAC's auto finance business was consistently profitable during 2009.

Importantly, these fourth quarter restructuring actions have allowed GMAC to demonstrate to the capital markets that we have "ring-fenced" the risk of our mortgage business. This was an important step toward our objective of building a successful company and repaying the U.S. government. These actions allowed us to access the capital markets for the first time since 2007, and earlier this month we were successful in raising \$2.0 billion of 5-year unsecured debt funding for GMAC. This allows us to continue to meet the needs of our dealer and retail customers.

As we look ahead, GMAC is focused on six strategic objectives to ensure that we can best serve our principal role in supporting the auto industry and repay the U.S. government investment in a timely manner.

First and foremost, our mission is to focus on our core area of expertise and be the premier automotive finance franchise offering competitive products and services to GM and Chrysler dealers and retail customers, while also pursuing opportunities to broaden our auto franchise as we can.

Automotive financing is our core business and we have the infrastructure, talent and experience to expand this area of the business. A key example is the seamless and rapid integration of the Chrysler business in 2009. In a span of eight months, GMAC was able to formally review and approve for credit 94 percent of the 1,474 Chrysler dealers that applied for wholesale financing, and as of year-end we provided \$4 billion of financing for these dealers.

Our second objective is to reduce our cost structure and ensure that GMAC is a low cost, high service competitor.

Our third objective is to continue to improve our access to the capital markets in order to ultimately repay the U.S. Treasury investment. Our re-entry to the unsecured capital markets this month was a critical first step.

The fourth objective in our plan is to fully transition to a bank holding company model and we are well underway in this process. Becoming a bank holding company in December 2008 was a turning point for the company in better being able to adequately manage liquidity risk over the long-term.

Our fifth objective is to improve our ongoing liquidity position by building a stable base of deposit funding at Ally Bank, driven by a compelling value proposition for retail banking customers. Insured bank deposits offer a stable and reliable source of liquidity to fund our business. Previously, GMAC was a wholesale funded finance company, and as demonstrated by the capital market disruption, that model is risky in a financial crisis and needs to be balanced with access to more stable sources of funding.

And sixth, we are focused on continuing to address the challenges related to ResCap and the legacy mortgage business in order to minimize any future impact on GMAC. The actions taken at the end of 2009 were significant, and we are now exploring strategic alternatives for the mortgage business which minimize future risk to GMAC and support our role as the fifth largest servicer serving three million homeowners.

Repayment of the TARP Investment

The steps outlined above will, I believe, position GMAC to be the premier auto financial services firm with secure and diversified funding sources and a high level of profitability. GMAC will continue to be the major source of funding for the 6,000 GM and Chrysler dealers that represent the vast majority of these manufacturers' sales and also finance in the range of 30 to 40 percent of total end consumer sales.

The support received from the U.S. government has been critical in allowing GMAC to play an important role in the rebuilding of the U.S. auto industry and positions the company for future success.

GMAC has made approximately \$1.0 billion in dividend payments on the taxpayer's investment so far and plans to repay the U.S. government in full over the next several years.

Now that the capital markets have returned to some degree of normalcy, as demonstrated by our \$2.0 billion unsecured bond issue a few weeks ago, GMAC now has access to the capital markets in order to fund its future capital needs.

Our financial plan anticipates that as the company's financial performance improves during 2010 and beyond, debt capital will be increasingly available at more competitive rates. More importantly, we and our financial advisors believe that an initial public offering could be possible sometime in the next two years.

This would allow us to return to being an investment grade credit, reducing our capital requirements, and begin the process of paying back the U.S. taxpayer in full.

State of the Automotive Financing Sector:

The financial needs of dealers for floor planning and of retail buyers have historically been met by specialized captive and non-captive finance companies like GMAC and banks, with the specialty firms being by far the largest participants.

The auto finance sector has historically been an attractive business for lenders; while interest rates are typically relatively low, credit loss experience has been among the best of any asset class. From 2005 to 2007, GMAC's North American auto finance business earned approximately \$1 billion per year pre-tax and \$3 billion of net revenue and has been consistently profitable in 2009, after losing money for the first time in its 90-year history in 2008.

During the financial crisis, liquidity dried up and the banks retrenched while the specialty captives struggled with a wholesale funded business model.

During this period, prior to government funding, GMAC protected the GM dealers by maintaining floor planning but was unable to also support significant retail sales.

The U.S. government's funding not only allowed GMAC to provide adequate funding to GM dealers but also to GM retail customers and to Chrysler dealers who faced closure during the Chrysler bankruptcy. As a result, GMAC was able to provide financing to GM and Chrysler dealers and their customers during the financial crisis when alternatives were limited or unavailable.

Today, the same way that the capital markets have gradually returned to a new normalcy the same can be said of the markets for financing automobile dealers and their customers.

Just a few days ago a lead article in Automotive News was headed "*Drought ends: Average Joe can get a car loan.*" Credit is now available for most consumers, except in the subprime segment.

In this environment, GMAC is well positioned to be a successful, market leader in the auto finance marketplace with solid profitability and the ability to repay the U.S. taxpayer in a reasonable time frame.

Thank you for the opportunity to share my perspectives on the critical role GMAC plays to support GM and Chrysler, their dealers and customers.