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United States: Department of the Treasury

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Cumulative Return to Taxpayers on GM Investment Now Totals more than \$23 Billion

Comes on the Heels of a Successful Initial Public Offering that Netted \$13.5 Billion for Taxpayers

WASHINGTON – Today, the U.S. Department of the Treasury announced that General Motors (GM) has completed the repurchase of all GM preferred stock issued under the Troubled Asset Relief Program (TARP), repaying taxpayers \$2.1 billion. Coming on the heels of a successful initial public offering that netted \$13.5 billion for taxpayers, this preferred share repurchase brings the total amount of funds that taxpayers have received in return for their investment in GM to more than \$23 billion.

“Temporary support through TARP to General Motors during the financial crisis was essential to preventing a devastating collapse of the American auto industry and saving more than 1 million American jobs,” said Tim Massad, Acting Assistant Secretary for Financial Stability. “The fact that the auto industry has created tens of thousands of jobs since GM emerged from bankruptcy and that Ford, GM, and Chrysler are all operating at a profit for the first time in six years is further evidence that the decision to provide support was the right one.”

In October 2010, Treasury accepted an offer from GM for the company to repurchase its TARP preferred shares. Today, GM completed this transaction, purchasing Treasury’s 83,898,305 Series A shares at a price per share of \$25.50, which is equal to 102 percent of the liquidation preference.

Treasury invested \$49.5 billion in General Motors. Taxpayers have now received a total of \$23.1 billion in return from GM through repayments, interest, and dividends since the company emerged from bankruptcy in July 2009. Treasury’s remaining stake in GM now consists of 500,065,254 shares of common stock.

Treasury Investment in GM	(\$ billions)	Return from GM	(\$ billions)
Pre-January 2009	13.4	Net IPO Proceeds	13.5
Post-January 2009	36.1	Debt Repayment	6.7
		Preferred Stock Repurchase	2.1
		Interest & Dividends	0.8
Total	\$ 49.5	Total	\$ 23.1

To date, Treasury has made disbursements of \$389 billion under its Troubled Asset Relief Program authorization. With today’s preferred share repurchase, TARP repayments (\$231.6 billion) and income from dividends, interest, and the sale of other securities (\$34.9 billion) now total \$266.5 billion.

In its October 2010 Two-year Retrospective on TARP, Treasury estimated that the lifetime cost of TARP would be approximately \$50 billion – a fraction of the \$700 billion originally authorized. In addition, Treasury estimates that the combined cost of TARP programs and other Treasury interests in AIG will be about \$30 billion. This reduced cost reflects higher-than-expected repayments and income, and lower-than-expected spending on the program as the financial markets have continued to strengthen.