



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

11-23-2010

GM IPO Proceeds Take Total Tarp Funds Returned to Taxpayers Over \$250 Billion Milestone

United States: Department of the Treasury

<https://elischolar.library.yale.edu/ypfs-documents/1644>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.



GM IPO Proceeds Take Total Tarp Funds Returned to Taxpayers Over \$250 Billion Milestone

11/23/2010

Treasury Announces Delivery Today of \$11.7 Billion in GM IPO Proceeds

WASHINGTON – The U.S. Department of the Treasury announced that with the delivery today of \$11.7 billion in proceeds from the initial public offering (IPO) of General Motors (GM), the total amount of Troubled Asset Relief Program (TARP) funds returned to taxpayers now exceeds \$250 billion.

"Our temporary assistance for the U.S. auto industry saved more than one million jobs across the industrial heartland of America and – like the overall TARP program – is on track to cost far less than anyone had first anticipated," said Tim Massad, Acting Assistant Secretary for Financial Stability. "General Motors' successful initial public offering is another important milestone in our efforts to recover TARP funds on behalf of the American taxpayer."

On November 17, Treasury agreed to sell 358,546,795 shares of General Motors common stock. Today, as part of the final settlement of that transaction, Treasury received \$11.7 billion in net proceeds. Those proceeds have brought the overall amount of TARP funds returned to taxpayers to \$252 billion, including repayments, dividends, interest, cancelled commitments, and other revenues.

TARP Funds Returned to Taxpayers (\$ in Billions)	
Repayments Prior to GM IPO	204.28
Profits from Dividends, Interest, Warrant Sales, and Other Income	31.04
Cancelled Commitments (Asset Guarantee Program)	5.00
GM IPO	11.74
Total	252.06

In its October 2010 Two-year TARP Retrospective report, Treasury estimated that, based on current market prices and the proposed restructuring of AIG, the overall lifetime cost of TARP is expected to be approximately \$50 billion.

The Dodd-Frank Wall Street Reform and Consumer Protection Act reduced the maximum authorization for TARP commitments by \$225 billion from \$700 billion to \$475 billion. After also accounting for the \$252 billion in TARP funds that have already been returned to taxpayers, nearly 70 percent (\$477 billion) of the original \$700 billion has been repaid, offset with profits, or cancelled.

Taxpayers will also continue to receive further repayments and profits from TARP investments going forward. The underwriters of the General Motors IPO have a 30-day option from the date of the original pricing on November 17 to purchase up to an additional 53,782,019 shares of GM common stock from Treasury. If the underwriters exercise that option in full, Treasury would receive further net proceeds of \$1.8 billion. Additionally, in October, Treasury announced that it accepted an offer by General Motors (GM) to repurchase \$2.1 billion of preferred stock issued under the Trouble Asset Relief Program – a transaction which is expected to occur in December 2010.