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U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury Announces Restructuring of Commitment To GMAC

12/30/2009

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WASHINGTON – The U.S. Department of the Treasury today announced that it is acting on its previously announced commitment to provide capital to GMAC as identified in May as a result of the Supervisory Capital Assessment Program (SCAP). In May, SCAP identified an additional capital need of \$5.6 billion for GMAC, which Treasury's internal forecasts have assumed would need to be provided by Treasury.

Due to a variety of factors, including that the restructurings of General Motors and Chrysler were accomplished with less disruption to GMAC than banking supervisors initially projected, Treasury will commit \$3.8 billion of new capital to GMAC rather than the \$5.6 billion originally announced, resulting in a \$1.8 billion reduction in Treasury's previously forecasted TARP expenditures.

Prior to today's actions, Treasury had invested \$12.5 billion in preferred stock of GMAC. Treasury owns \$13.1 billion in preferred stock in GMAC, through purchases and the exercise of warrants, and 35 percent of the common equity in GMAC .

Today, Treasury is also restructuring its investment in GMAC to protect taxpayers and put GMAC in a position to raise private capital and pay back taxpayers as soon as practicable. The details of the restructuring are as follows:

- To best protect the taxpayers' investment in GMAC, the \$3.8 billion of new capital will be provided in the form of \$2.54 billion of Trust Preferred Securities (TRUPs), which are senior to all other capital securities of the Company, and \$1.25 billion of Mandatory Convertible Preferred Stock (MCP). In connection with providing this capital, Treasury will also receive warrants to purchase an additional \$127 million of TRUPs and \$63 million of MCP which it will exercise immediately at the closing of the transaction.

- Treasury will also convert \$3.0 billion of its existing MCP, which was invested in May 2009, into common equity to boost the quality of the capital supporting GMAC. Treasury's equity ownership of GMAC will increase from 35 percent to 56 percent due to this conversion. Corresponding with this increase in ownership, Treasury will have the right to appoint two additional directors to the GMAC Board of Directors. Four of nine directors will ultimately be appointed by Treasury. Treasury intends to nominate its new directors in time for GMAC's annual meeting at the end of April.

- To enable GMAC to meet its SCAP requirements for Tier 1 capital, Treasury will exchange \$5.25 billion of preferred stock into MCP, in substantially the same form as Treasury's existing MCP. As a result of this transaction and the conversion described above, Treasury will hold \$11.4 billion of MCP in GMAC.

- In connection with the transactions, Treasury will acquire a "reset" feature on the entirety of its MCP holdings such that the conversion price under which its MCP can be converted into common equity will be adjusted in 2011, if beneficial to Treasury, based on the market price of private capital transactions occurring in 2010.

- As further protection for the taxpayer, GMAC will continue to be subject to a variety of other covenants and requirements, including the executive compensation and corporate governance requirements of Section 111 of the Emergency Economic Stabilization Act (EESA) and, as an ongoing recipient of "exceptional" assistance, GMAC remains subject to the oversight of the Special Master for Executive Compensation, Kenneth Feinberg.

These actions fulfill Treasury's commitments made in May to GMAC in a manner which protects taxpayers to the greatest extent possible. These actions offer the best chance for GMAC to complete its overall restructuring plan and return to the private capital markets for its

debt financing and capital needs in 2010. We are pleased that we could complete this restructuring of our investment with \$1.8 billion less capital than was projected in May.

Treasury made its investment pursuant to EESA's Troubled Asset Relief Program (TARP) and in particular, the investment was made under the [Automotive Industry Financing Program](#) which was implemented to provide stability to the American auto industry.