12-9-2013

U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS GM
TIMELINE

United States: Department of the Treasury: Office of Public Affairs

U. S. Department of the Treasury

https://elischolar.library.yale.edu/ypfs-documents/8838

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 ypf@yale.edu.
In the midst of a historic financial crisis, the Automotive Industry Financing Program (AIFP) was launched to protect the economy by preventing a significant disruption to the American automotive industry. Under the AIFP, Treasury made emergency loans to GM and Chrysler to provide a path for these companies to go through orderly restructurings and return to viability.

Following is a timeline of key events related to Treasury’s investment in GM:

- On December 19, 2008, the Bush Administration announced its plans to assist the auto industry.
- On December 31, 2008, General Motors received $13.4 billion in short-term financing through the Troubled Asset Relief Program.
- On March 30, 2009, President Obama laid out a framework for General Motors to achieve viability that required the Company to rework its business plan, accelerate its operational restructuring and make far greater reductions in its outstanding liabilities.
- On April 22, 2009, the Obama Administration provided a $2 billion working capital loan to GM.
- On May 20, 2009, the Obama Administration provided an additional $4 billion working capital loan to GM as it finalized its restructuring plan.
- On June 1, 2009, GM began an orderly restructuring process by filing for bankruptcy. On June 3, 2009, in conjunction with the bankruptcy filing, the Obama Administration provided a $30.1 billion Debtor-in-Possession loan. The company emerged from bankruptcy 40 days later, beginning a remarkable turnaround. At that time, Treasury restructured its investment from loans to a mix of common and preferred stock, and debt in the new GM entity.
On April 20, 2010, GM made its final loan repayment, leaving the remaining investment in the form of common and preferred stock.

On November 18, 2010, Treasury recovered approximately $13.5 billion in conjunction with the new company’s IPO. The IPO reduced Treasury’s stake from approximately 61 percent to 33 percent, or 500 million shares of GM common stock.

On December 15, 2010, GM repurchased all of the preferred stock Treasury held for approximately $2.1 billion. Treasury’s remaining investment consisted solely of GM common stock.

On December 21, 2012, GM repurchased 200 million shares of common stock for approximately $5.5 billion in net proceeds to taxpayers. At that time, Treasury announced its intent to exit the GM investment in 12-15 months through a series of pre-defined trading plans that began in January 2013 and sold shares into the market daily.

On June 6, 2013, Treasury sold 30 million shares of GM common stock when GM was included on the S&P 500 index for approximately $1.0 billion.

In total, Treasury launched four pre-defined written trading plans, completing the sale of its shares of GM common stock on December 9, 2013. The proceeds from the four trading plans totaled $9.2 billion.

Taxpayers have recovered $39 billion on the investment in General Motors, but had we not acted to support the automotive industry, the cost to the country would have been substantial — in terms of lost jobs, lost tax revenue, reduced economic production, and other consequences.

On TARP as a whole, we have recouped $432.7 billion on $421.8 billion invested, when you include the sale of Treasury’s AIG shares.