

U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury Announces TARP Investment in GMAC

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Under the agreement GMAC must be in compliance with the executive compensation and corporate governance requirements of Section 111 of the Emergency Economic Stabilization Act, as well as enhanced restrictions on executive compensation.

GMAC will issue warrants to Treasury in the form of additional preferred equity in an amount equal to 5% of the preferred stock purchase that will pay a 9% dividend if exercised.

Additionally, the Treasury has agreed to lend up to \$1 billion to General Motors so that GM can participate in a rights offering at GMAC in support of GMAC's reorganization as a bank holding company. This commitment is in addition to the assistance previously announced for GM on Dec. 19. This loan will be exchangeable at any time, at Treasury's option, into the GMAC equity interests being acquired by GM in the rights offering. Furthermore, this loan will be secured and will have other terms and conditions as outlined in the attached term sheet. The ultimate level of funding under this facility will be dependent upon the level of current investor participation in the rights offering at GMAC.

Treasury exercised this funding authority under the Emergency Economic Stabilization Act's Troubled Asset Relief Program (TARP). The preferred stock purchase and the loan to support GMAC's rights offering are part of an auto industry-focused TARP program that will include the \$17.4 billion in assistance for domestic automakers announced earlier this month.

As previously indicated, Treasury will work with Congress and the President-elect's transition team on the appropriate timing for release of the remainder of the TARP funds to support financial market stability.

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REPORTS

- [Term Sheet](#)
- [Commitment Letter](#)

