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G.M. Shares Must Hit New Heights to Pay Back U.S.

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The federal government faces a high hurdle in recouping its costs from the \$49.5 billion bailout of [General Motors](#).

The [Treasury Department](#) must sell its shares in the auto maker at an average of \$133.78 to recoup its common stock investment. That's significantly higher than G.M. shares ever traded in the modern era.

The figure emerged from a letter sent to Senator [Charles Grassley](#), Republican of Iowa, by Neil Barofsky, the official overseeing the Troubled Asset Relief Program. (Read the letters between the two after the jump.)

The United States government currently owns 60.8 percent of G.M.'s common stock, or 500 million shares, and it plans to sell off those holdings over time.

People close to G.M. have argued that there has been healthy demand for the company's shares. Analysts have estimated that G.M.'s shares could sell for more than \$100 each, though \$133.78 is higher than most of their estimates. (An analyst quoted by Bloomberg News [marked \\$137](#) as the top end of his estimate range.)

It's worth noting that the figure Mr. Barofsky is referencing would apply only to the government's common stock investment and a \$1 billion claim held by the **Motors Liquidation Company**, otherwise known as "Old G.M."

It doesn't count any underwriting or legal fees that come with the I.P.O. process, including \$7.5 million earmarked for Treasury's adviser, **Lazard**, and the 0.75 percent of gross proceeds headed the underwriters' way. Nor does it count Treasury's \$2.1 billion in preferred shares.

By the way, G.M.'s last stock quote before filing for bankruptcy in 2009 [was 75 cents](#).

— Michael J. de la Merced