



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

May 18, 2010

Professor Elizabeth Warren
Chair, Congressional Oversight Panel
732 North Capitol Street, NW
Room C-320 and C-617
Mailstop: COP
Washington, DC 20401

Dear Chair Warren:

On behalf of Secretary Geithner, I am writing to respond to your recent letter regarding General Motors' April 20 repayment of \$4.7 billion of TARP debt. GM made the repayment with cash from an escrow account that it owns. As you may know, I have described GM's loan repayment and the nature of the escrow account in two recent, detailed letters to Members of Congress. I have enclosed copies of the two letters for your convenience.

Treasury approved GM's loan repayment because it was consistent with the core principles that the Obama Administration announced publicly on May 31, 2009 and that guide Treasury's management of its ownership interests in private corporations—specifically, recovering funds for the American taxpayer and exiting TARP investments as soon as practicable. Treasury has never suggested that GM's loan repayment represents a return of *all* government assistance. In fact, the opposite is true. Treasury issued a press release on the day of the loan repayment that specifically states: "After this repayment, the remaining Treasury stake in GM consists of \$2.1 billion in preferred stock and 60.8 percent of the common equity."

Treasury's full and accurate description of the loan repayment is consistent with its practice of communicating openly with the American people. Treasury has disclosed the details of its assistance to GM in numerous public reports and filings; its officials have testified repeatedly before Congress about the restructuring; and it has posted a huge volume of information and data on its TARP website (available at www.financialstability.gov). This Administration strongly supports transparency, and Treasury has disclosed publicly all of its efforts to assist GM, including the nature of GM's recent loan repayment.

As a general matter, Treasury does not intervene in the day-to-day management of GM or any other company in which it holds equity. The Obama Administration's core principles cited above provide that the government will act in a "hands-off, commercial manner." Further, Secretary Geithner previously wrote to you that Treasury is a "reluctant shareholder," and that "taxpayer interests will be best protected by minimizing the extent of government involvement."

Although GM does provide information to Treasury on a variety of matters, Treasury does not express a view in the overwhelming majority of circumstances. In this case, GM provided Treasury staff members with certain materials prior to the loan repayment, including a description of GM's planned public relations campaign. Given its "hands-off" approach, Treasury did not ask GM to make any changes to the materials. Again, Treasury's own public statements and reporting on www.financialstability.gov provided full information about the loan repayment and the government's remaining investment in GM.

Finally, you cited Secretary Geithner's recent testimony before the Senate Subcommittee on Financial Services and General Government. As the Secretary testified, he has not seen GM's television advertisement or any of the related materials provided by GM. Nonetheless, he noted that various Treasury officials have expressed some concern about GM's public statements. The reason is simple. Although GM's public statements were accurate—the company did fully repay its existing "government loan"—it would have been more informative to note the government's continuing equity interest in GM, as Treasury did in its press release.

Thank you for your letter. We appreciate your attention to these important matters.

Sincerely,

A handwritten signature in blue ink, appearing to read "Herbert M. Allison, Jr.", with a large, sweeping flourish extending to the right.

Herbert M. Allison, Jr.
Assistant Secretary for Financial Stability

Enclosures