Govt', GM Could Seek Foreign Investors For IPO

Tom Krisher, AP Auto Writer

DETROIT (AP) — Investment bankers handling the upcoming General Motors Co. stock sale are expected to court foreign investors as well as those in North America, according to a U.S. Treasury Department statement.

GM and the Treasury Department would not comment Sunday on reports that the automaker is in talks with its current partner in China, SAIC, about buying a stake in the Detroit company. SAIC is owned by the Chinese government.

The Treasury Department, in a statement issued late Friday, said investors in GM would be sought across "multiple geographies," with a focus on North America.

The U.S. Treasury loaned GM about $50 billion to help it through bankruptcy protection last year. GM has repaid $6.7 billion. The rest of the bailout money was converted to a 61 percent government stake in the company.

The government hopes to get the remaining $43 billion back with stock sales that could start in mid-November.

Foreign investment in U.S. automakers and other companies is common. Before the stock sale, GM will put on a two-week "road show" of presentations for investors, and several stops are expected to be in cities outside the U.S.

The Treasury statement also said banks underwriting the GM stock sale will be expected to balance getting the maximum price per share and return for taxpayers with having a stable base of shareholders and keeping up interest in several sales that will occur after the initial public offering.

Individual investors will get "ample opportunity" to buy GM shares, but institutional investors such as mutual funds, hedge funds and pension funds will be sought out, the statement said.

"We expect that a large and diverse group of institutional investors will be offered an opportunity to participate, with no single investor or group of investors receiving a disproportionate share or unusual treatment," the statement said.

The government will make ensure general guidelines are followed in the sale "but will not involve itself in decisions regarding allocation of shares to specific buyers," the statement said.

Last week, new GM CEO Daniel Akerson said it will take a couple years for the government to get its money back, but GM has a goal of returning the cash.

Akerson, a former telecommunications industry executive who took over from Ed

Whitacre Sept. 1, said the government bailout saved a lot of jobs at GM and helped to preserve the U.S. manufacturing base.

The bailout has bred resentment with some car buyers and hurt GM's sales, however. The automaker hopes the stock sale will end its government ownership and raise money for investment and to reduce debt.

GM filed paperwork in August starting the process to sell stock to the public.

Akerson indicated that it would take consistent earnings from GM and several stock sales before the money is returned.

President Obama also has said all taxpayer money will be returned, but spokesmen later said he meant the money his administration pumped into GM, not bailouts made by the Bush Administration.

GM made $2.2 billion in the first half of the year, a strong sign to investors that it is much leaner and healthier than it was before bankruptcy, when it was losing billions.

The company will not sell any shares of common stock, leaving that to the government and its three other shareholders. But it plans to sell preferred stock, which pays a dividend and will be converted to common shares in 2013.

Chrysler's top executive, CEO Sergio Marchionne, said last week he expects Chrysler's IPO to take place in the second half of next year. Chrysler got $12.5 billion in bailout money from the government in exchange for $7.1 billion in loans and a 9.9 percent ownership stake.

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