

UAW Trust Offers Warrants For GM Shares

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DETROIT (AP) — The United Auto Workers trust that pays for retired auto workers' health care will conduct a secondary public offering of all of its General Motors Co. stock warrants on Tuesday.

GM confirmed the offering Monday.

The UAW trust is offering up to 45,454,545 warrants to purchase GM stock. Each warrant represents the right to buy one share of GM's common stock at an exercise price of \$42.31 per share. The warrants expire Dec. 31, 2015.

GM shares closed Monday at \$36.75. They have traded in a 52-week range of \$19.76 to \$37.71.

Bidding opens at \$3.50 per warrant to a maximum of \$7.50 per warrant. If all of the warrants are sold at the maximum bid, the offering would raise \$340.9 million for the trust. GM will not get any proceeds from the sale. Deutsche Bank Securities Inc. will conduct the offering.

The trust, which currently administers health care benefits to 536,000 GM hourly retirees and their families, was formed in 2007 as part of an agreement to get GM's growing health care costs off its books. The trust also pays benefits for 316,000 retirees at Ford Motor Co. and Chrysler Group. The trust reported \$52.1 billion in assets at the end of 2011. It paid out \$4.37 billion in benefits that year, including \$2.6 billion for GM retirees.

The offering won't change GM's ownership structure. The trust currently owns about 10 percent of the company, or 140 million shares. The U.S. Treasury owns another 14 percent of GM's shares. The government got GM stock in exchange for a \$49.5 billion bailout of the company in 2008 and 2009, but has been slowly selling off its shares and hopes to exit its ownership completely by the beginning of 2014.

The trust said Monday evening that it had no comment on the offering. But it is likely reacting to a steady climb in GM's share price. GM shares are up 83 percent from this time last year, and have risen 27 percent from Jan. 1.

Warrants are a way for investors to gain access to a company's shares without spending the amount it would require to buy the shares outright. But there is a risk that the shares won't reach the exercise price and the warrants will expire.

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