

GM Makes \$1.19 Billion in Early Debt Payments to U.S., Canada

By Mike Ramsey and Bill Koenig

Dec. 18 (Bloomberg) -- General Motors Co., making the first repayments on its government-backed bankruptcy, returned \$1 billion to the U.S. Treasury and \$192 million to Canada.

The payments were a step toward GM's goal of erasing \$7.84 billion in debts to the U.S. and Export Development Canada. GM disclosed the moves today in a statement, three days after Chief Executive Officer Ed Whitacre set the June target date.

Starting the payments early on borrowing due in July 2015 reflects GM's confidence about returning to profit and not needing to hoard cash. GM exited bankruptcy on July 10 after receiving \$50 billion in government aid, much of which was converted into ownership in the biggest U.S. automaker.

"It's obviously good news. From a financial perspective it would be negligent if they paid it back and couldn't afford it," said **Van Conway**, principal in auto restructuring firm Conway & MacKenzie in Birmingham, Michigan. "GM has a PR issue here in the country and they should get this out there the best they can."

GM owed \$6.7 billion to the U.S. and \$1.14 billion to Canada. The Detroit-based automaker also received a loan from the province of Ontario.

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