



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
OCTOBER 20, 2010

CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS,
EDELI RIVERA, JESSIE ERWIN
PUBLIC INFORMATION OFFICE
(212) 637-2600

**UNITED STATES ANNOUNCES APPROXIMATELY \$773 MILLION
SETTLEMENT WITH GM TO RESOLVE ENVIRONMENTAL LIABILITIES**

GARY G. GRINDLER, the Acting Deputy Attorney General, PREET BHARARA, the United States Attorney for the Southern District of New York, CYNTHIA GILES, the Assistant Administrator for the Office of Enforcement and Compliance with the U.S. Environmental Protection Agency ("EPA"), and Labor Secretary HILDA SOLIS, as co-chair of the White House Council on Auto Communities and Workers, announced today that the United States, fourteen States, and the Saint Regis Mohawk Tribe have entered into a settlement agreement with Chapter 11 debtor MOTORS LIQUIDATION COMPANY ("Old GM"), formerly known as General Motors Corporation, to settle certain environmental liabilities under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA"), and state environmental laws. A Settlement Agreement among the United States, the States, and Old GM was filed in Manhattan bankruptcy court this morning, which the Saint Regis Mohawk Tribe is expected to join shortly.

Under the terms of the agreement, Old GM will pay more than \$641.4 million in cash, and will contribute additional non-cash assets (with an estimated value of \$120 million), for the cleanup and administration of 89 properties and sites, 59 of which are known to have been contaminated with hazardous substances or waste. In addition, Old GM has spent approximately \$11.5 million towards the cleanup of the properties with known contamination during the pendency of the bankruptcy proceeding. The funding provided under the Settlement Agreement, along with the properties that are currently owned by Old GM and certain other non-cash assets, will be placed in an environmental response bankruptcy trust to fund the cleanup and administration of the properties and their return to beneficial use.

More than half of the cleanup funds to be paid to the environmental response trust will be provided for the environmental remediation of sites in New York and Michigan. In New York, the General Motors (Central Foundry Division) Superfund

Site - a/k/a Massena -- in Saint Lawrence County, will receive approximately \$120.8 million in dedicated cleanup funds. The United States alleged in bankruptcy filings that Old GM operated an aluminum diecasting plant on the Massena property from 1959 to 2009, and that Old GM disposed of hazardous substances including polychlorinated biphenyls (also known as PCBs) at the property. The Saint Regis Mohawk Tribe, whose lands are affected by the contamination emanating from the Massena property, is also a party to the settlement. In Michigan, which will have the largest number of properties in the trust, approximately \$160 million is allocated to the cleanup of 36 properties containing hazardous wastes or other hazardous substances.

In June 2009, Old GM -- then the second-largest automotive manufacturer in the world -- and three wholly-owned subsidiaries filed Chapter 11 petitions in the U.S. Bankruptcy Court for the Southern District of New York. The same day it filed for bankruptcy, Old GM also filed a motion to sell substantially all of its assets to a newly formed corporation, now known as General Motors Company ("New GM"), which was approved by the Bankruptcy Court in July 2009. The 89 properties at issue in today's Settlement Agreement were excluded from the sale of assets to New GM and continued to be owned and managed by Old GM.

In June and July 2009, in order to ensure, among other things, the orderly winding down of Old GM's affairs in the bankruptcy proceeding, the Treasury Department and Export Development Canada ("EDC"), Canada's export credit agency, collectively lent Old GM \$1.175 billion. In October 2009, two additional wholly-owned subsidiaries of Old GM, who are a part of this Settlement, filed their own Chapter 11 petitions in the U.S. Bankruptcy Court for the Southern District of New York, which are jointly administered with Old GM's previously filed petitions by the Bankruptcy Court.

In October 2009 and April 2010, the United States filed proofs of claim against Old GM and its affiliated debtors to recover, among other things, past and future environmental cleanup costs for sites owned or operated by Old GM and its affiliated debtors, or where Old GM and its affiliated debtors had disposed of hazardous wastes. Similarly, several states filed proofs of claim against Old GM for environmental liabilities at properties and sites located across the country. This Settlement addresses Old GM's environmental liabilities under CERCLA, RCRA, and state environmental laws at the 89 properties still owned by Old GM in Delaware, Illinois, Indiana, Kansas, Louisiana, Massachusetts, Michigan, Missouri, New Jersey,

New York, Ohio, Pennsylvania, Virginia, and Wisconsin. Under the Settlement, an environmental response bankruptcy trust will be established to take ownership and possession of the 89 properties and the funding provided to clean the properties up, administer them, and return them to beneficial use.

Old GM will pay approximately \$499 million of the funding provided by the US Treasury and EDC to the environmental response trust for environmental cleanup at the properties. Of this amount, more than \$431 million will be placed in site-specific accounts for each of the 59 properties known to have been contaminated with hazardous substances or waste, and approximately \$68 million will be placed in a pooled account for environmental cleanup that may arise in the future at any of the 89 properties transferred to the trust on account of unforeseen conditions. In addition, Old GM will place at least \$142 million of the funding provided by the US Treasury and EDC and certain non-cash assets in the trust to cover the administrative costs of the trust and the return of the properties to beneficial use.

The number of properties and approximate funding specifically allocated by state are: 1) \$11.7 million for a property in Delaware that has already been sold but for which the trust retains cleanup obligations; 2) \$5.3 million for a property in Illinois; 3) \$25 million for eight properties in Indiana; 4) \$4.8 million for two properties in Kansas; 5) a property in Louisiana with no known cleanup costs; 6) \$2.3 million for a property and associated site located in Massachusetts; 7) \$159 million for 57 properties in Michigan; 8) \$1.7 million for two properties in Missouri; 9) \$24.7 million for two properties in New Jersey; 10) \$154 million for four properties and an associated site located in New York; 11) \$39.4 million for eight properties in Ohio; 12) \$3.3 million for a property in Pennsylvania; 13) \$26,000 for a property in Virginia; and 14) \$211,000 for a property in Wisconsin. Additional financing for environmental remediation from the \$68 million in unallocated cleanup funding will be available to all of 89 properties and sites placed in the trust upon meeting certain requirements.

Before being considered by the Bankruptcy Court for approval, the Settlement Agreement will be lodged with the Bankruptcy Court for a period of 30 days to provide public notice and to afford members of the public the opportunity to comment on the settlement.

This Settlement affects only the specified 89 properties and sites. It does not affect the proofs of claim filed against Old GM by the United States and various States for

sites other than the 89 properties and sites at issue. Nor does it affect the general unsecured claims held by the United States against Old GM for past costs and natural resource damages relating to the properties that are being placed in the trust.

Mr. BHARARA praised the Environment and Natural Resources Division of the Department of Justice, EPA, and the White House Council on Auto Communities and Workers for their extraordinary work on this case.

Southern District of New York Assistant U.S. Attorneys DAVID S. JONES, NATALIE N. KUEHLER, JOSEPH N. CORDARO, and JAIMIE L. NAWADAY, along with ALAN S. TENENBAUM and PATRICK CASEY of the Environment and Natural Resources Division of the Department of Justice, are in charge of this case.

10-332

###