

# SHOWROOM JOURNAL

## GM strikes deal to sell Hummer brand

DETROIT — General Motors Corp. took a key step toward its downsizing on Tuesday, striking a tentative deal to sell its Hummer brand, while also revealing that it has potential buyers for its Saturn and Saab brands.

GM has a tentative agreement to sell its rugged Hummer brand to Sichuan Tengzhong Heavy Industrial Machinery Co. of China, said a person briefed on the deal.

The Detroit automaker announced Tuesday morning that it had a memorandum of understanding to sell the brand of rugged SUVs, but the buyer's identity was not released. A formal announcement of the buyer was to be made Tuesday afternoon.

Sichuan Tengzhong deals in road construction, pplastics, resins and other industrial products, but Hummer would be its first step into the automotive business, said the person briefed on the deal. The person spoke on condition of anonymity because the details have not been made public.

GM said the sale will likely save more than 3,000 U.S. jobs in manufacturing, engineering and at various Hummer dealerships.

As part of the proposed transaction, GM said, Hummer will continue to contract vehicle manufacturing and business services from GM during a transitional period. For example, GM's Shreveport, La., assembly plant would continue to contract to assemble the H3 and H3T through at least 2010.

The automaker also said Tuesday that it has 16 buyers interested in purchasing its Saturn brand, while three parties are interested in the Swedish Saab brand.

Chief Financial Officer Ray Young told reporters and industry analysts on a conference call that GM is continuing to pursue manufacturing agreements with a new Saturn buyer.

GM would like to sell the money-losing Saturn brand's dealership network, contracting with the new buyer to make some of its cars while the buyer gets other vehicles from different manufacturers.

At the same time, bridge loan discussions with the Swedish government are progressing, Young said.



Hummer vehicles sit on the general lot of a Niles, Mich. dealership Thursday May 14, 2009. As part of the GM reorganization the future of the H2 Hummer vehicle is uncertain. The H2 is produced at the AM General plant in Mishawaka, Ind. 10 miles south of this dealership. AP Photo/Joe Raymond

GM, which filed for Chapter 11 bankruptcy protection in New York on Monday, is racing to remake itself as a smaller, leaner automaker. It is hoping to follow the lead of fellow U.S. automaker Chrysler LLC by transforming its most profitable assets into a new company in just 30 days and emerging from bankruptcy protection soon after. (AP)

## US auto sales fall 34% but people still buy amid turmoil

DETROIT - US sales of cars and light trucks rose 13 per cent in May when compared with April, even as two of the country's automakers grappled with reorganizations.

Compared to May of last year, sales from major automakers fell nearly 34 per cent, according to Autodata Corp. estimates, but company executives said buyers may have become "desensitized" to news surrounding the bankruptcy protection filings of Chrysler LLC and General Motors Corp., and opted to enter showrooms.

"Obviously it gives us a lot of confidence that some of the negative issues we had to deal with are behind us," said Mark LaNeve, GM's vice-president of North American sales and marketing, said on a conference call with reporters and industry analysts Tuesday.

General Motors Corp.'s, - still the largest US automaker in terms of market share - said sales fell 30 per cent from a year earlier, but they improved 11 per cent from April as consumers pushed the automaker to its best sales month this year.

Chrysler US sales fell 47 per cent in May, selling 79,010 cars and light trucks. The company said its sales were pulled lower because it didn't sell any cars to fleet buyers like rental car companies, but its retail sales to individual buyers were the best they've been all year.

With 789 dealers set to stop selling the company's cars next week, many of those purchases were fuelled by deep discounts. Chrysler had the highest average incentive among automakers last month - \$4,159 per vehicle, according to Edmunds.com.

Ford Motor Co. posted even better results as it continued to snatch market share from its crosstown rivals, pushing past Toyota Motor Corp. to capture the No. 2 spot in market share behind

GM. Ford said its May US sales fell 24 per cent from last year but rose 20 per cent from April, and its share of the U.S. market rose to the highest level since 2006.

Other automakers reported month-to-month improvements Tuesday, a day after GM filed for bankruptcy protection in New York.

Toyota said its US sales fell 40 per cent from last year but climbed 21 per cent from April. Honda Motor Co. reported its year-over-year volumes dropped 41 per cent, while Nissan Motor Co. said sales fell 33 per cent.

"The May results should be interpreted with some caution, given the current volatility in the marketplace," said Emily Kolinski Morris, senior U.S. economist for Ford, in a conference call with reporters.

Auburn Hills-based Chrysler filed for Chapter 11 protection in April and is preparing to exit bankruptcy under an operating agreement with Italian automaker Fiat SpA. Chrysler and GM had resisted entering bankruptcy protection, saying their sales would plummet because consumers would be afraid to make a big purchase from a company in bankruptcy court.

Industry watchers said improved consumer confidence helped draw buyers into showrooms. While sales remained depressed compared with last year - and are likely to remain that way for the rest of 2009 - automakers were optimistic that they had hit bottom.

"We're encouraged that consumers are beginning to return to showrooms and that the industry continues to show signs of stabilization," said Don Esmond, a vice president at Toyota Motor Sales USA, in a statement.

Dearborn-based Ford said it sold 161,197 cars and light trucks in the U.S. last month. Sales of

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