

## **New GM raider not likely Other big investors are institutions**

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With Kirk Kerkorian stepping away from General Motors Corp., analysts and investors say there's little chance another Wall Street raider will emerge to battle GM as Kerkorian did.

GM's remaining top owners are large institutional investors with no record of shareholder activism, and many have been selling shares since GM's share price run-up earlier in the year. Many hold GM shares as part of their index funds, simply following a broad swath of the market.

But some observers see Kerkorian's transaction as a signal to investors that there are better places to wager their money for now.

"With this move you have more yellow flags," said David Sowerby, a Bloomfield Hills-based portfolio manager for Loomis Sayles & Co. "You have an acknowledged value investor who has essentially taken his ball and gone home."

Kerkorian's investment firm Tracinda Corp. said Thursday it sold 14 million GM shares, whittling its stake to 28 million shares, or 4.95%. Later in the day, Bank of America -- which had lent money to Kerkorian for his GM stock purchases, and used the shares as collateral -- bought 28 million GM shares at \$29.25. A bank spokeswoman confirmed the purchase Friday, but declined to give further details.

With Tracinda's departure, no other individual holds more than 5% of GM's outstanding shares, the level at which an investor would have to report holdings to the U.S. Securities and Exchange Commission. According to Thomson Financial, the remaining four largest GM shareholders are mutual fund or investment managers, such as State Street Associates, and all sold some portion of their GM stakes in recent months.

Among the institutional investors buying GM shares recently is Atticus Capital, a New York hedge fund that bought a 10% stake in copper mining company Phelps Dodge Corp. and pushed it to seek a merger. Atticus owns 3.1 million GM shares, or less than 1%. Fund officials did not return calls seeking comment.

Although Kerkorian's retreat ends one source of pressure for GM Chairman Rick Wagoner, some analysts said that pressure had been a force for good at a company still far from full financial health.

"While we believe GM management still understands the need to improve the company's product, market share and cash flow, having somebody chasing after you often prompts you to run faster than you otherwise would," said Morgan Stanley analyst Jonathan Steinmetz.

That faster running -- and apparent progress in turning around its North American automotive business -- helped spur a 59% increase in GM's share price this year, which can allay some of the shareholder concerns that fueled Kerkorian's stake in the first place. As long as Wagoner continues to perform, observers said a return by Kerkorian is unlikely.

**"I think he's done," said David Kudla, CEO for Mainstay Capital Management in Grand Blanc, whose clients include autoworkers. "An active investor can be a good thing ... but if they're a distraction and distract the management team and board in the way they do things, that's not going to be helpful."**

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