



## Kerkorian slashes his GM stake to less than 5%

By Sharon Silke Carty, USA TODAY

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DETROIT — Billionaire investor Kirk Kerkorian will shed an additional 14 million shares of General Motors stock further indicating that he's no longer interested in pressuring GM's management for change.

Analysts are divided over whether Kerkorian acted as an agent of change for the ailing automaker or whether he was just a distraction. During his year and a half as a major GM shareholder, he managed to get his top lieutenant, Jerry York, named to the board and pressured the automaker to explore an alliance with Nissan and Renault.

Every major stock sale or buy made by Kerkorian has made headlines. After Thursday's sale, he will own less than 5% of GM and will no longer be required to file statements with the Securities and Exchange Commission regarding his shares.

The Wall Street Journal, citing a person familiar with the matter, reported in Friday's edition that the billionaire investor sold his entire remaining investment in GM — 28 million shares — at \$29.95 a share, a transaction worth more than \$800 million. The newspaper reported that the shares were sold to Bank of America, a key lender to Kerkorian..

Merrill Lynch analyst John Murphy noted that there was a 28 million share block trade in GM stock on the New York Stock Exchange shortly after the filing Thursday.

"It appears that Kerkorian may now be out of his entire GM position," Murphy wrote in a research note.

Carrie Bloom, spokeswoman for Kerkorian's Tracinda Corp., said she could not comment on the transaction beyond the SEC filing. GM spokeswoman Gina Proia said the company does not comment on the actions of its shareholders. Both declined further comment on the Journal report. A call to a Bank of America spokeswoman was not immediately returned.

Many of Kerkorian's ideas "have been initiatives that have been intended to speed the turnaround, and that has been a good thing," said David Kudla, CEO of Mainstay Capital Management. "But if you look at the proposed alliance with Renault and Nissan, that ended up being a total distraction."

Investors have recently gained some confidence in GM's turnaround plan. The automaker's third-quarter loss hit \$115 million, whittled down from a massive billion-dollar loss the year before. Operations in North America, GM's most important market, lost \$367 million, a \$1.3 billion improvement over a year ago. That bolstered confidence that the turnaround plan is working.

Still, the turnaround plan is in its early stages. Shelly Lombard, an analyst at Gimme Credit, said having an activist investor like Kerkorian as a thorn in management's side would have kept the pressure on to make changes.

"He really was an advocate for investors," she said. "This thing is far from being turned around. They're making baby steps on a very long road. ... You need someone there to keep management's feet to the fire."

Separately, GM said it closed its sale of a 51% interest in its financing arm, GMAC, to a group led by Cerberus FIM Investors. GM will net \$14 billion over the next three years from the sale.