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## Kerkorian To Cut GM Stake

Investor Failed To Get His Way

By Sholnn Freeman

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Billionaire investor Kirk Kerkorian, who failed in his push to drastically reshape General Motors, said yesterday that he intends to sharply reduce his stake in the automaker by selling 14 million shares of its stock.

Kerkorian's investment company, Tracinda, said in a filing with the Securities and Exchange Commission that it had agreed to sell the GM stock in a private transaction for \$33 a share, for a total of \$462 million. The transaction, which is scheduled to close Friday, will reduce Kerkorian's stake in the automaker from 9.9 percent to 7.4 percent.

GM's stock price fell \$1.52 yesterday, to \$31.09 a share.

David Kudla, chief investment strategist at Mainstay Capital Management in Grand Blanc, Mich., said some investors were selling their GM shares because they thought Kerkorian might unload the rest of his stake.

"This may be his first step in divesting Tracinda in its investment in GM," Kudla said. "At face value, that's what he's doing."

Kudla said that Kerkorian reducing his stake also lessened speculation that he might push more aggressively for changes at GM, perhaps through a proxy fight to elect company directors.

A spokeswoman for Tracinda declined to comment. GM spokesman Randy Arickx said: "It's GM's practice not to speculate on motivations, actions or potential actions of its shareholders."

Kerkorian, with an estimated net worth of \$9 billion, has a history of taking big positions in troubled companies and prodding management for change. He announced in May 2005 that he was amassing a stake in GM as the company struggled to rebuild sales and profit and to reorganize its North American operations.

Kerkorian eventually won a board seat for his financial lieutenant, Jerome B. York, who issued withering critiques of the automaker's operations. GM's board of directors ultimately cut the corporate dividend and slashed the pay of senior executives, including chairman and chief executive G. Richard Wagoner Jr.

But Kerkorian and York lost a fight last month to have GM join a business alliance with the French automaker Renault and Nissan Motor of Japan. GM executives opposed the deal, arguing that the benefits of such a partnership would flow primarily to Nissan and Renault.

York quit the GM board after the alliance talks collapsed. In a resignation letter, York expressed "grave reservations" about GM's business plan and the company's ability to fend off Asian competition.

Other recent developments are also keeping GM's share price down, Kudla said. This week Ron Gettelfinger, the United Auto Workers president, vowed to fight to keep job protections, signaling a hard line against GM and other automakers in next year's contract talks.

Kerkorian has sold GM shares before, only to buy them back. In December 2005, he sold 12 million shares for tax purposes. He purchased a similar number of shares in subsequent months.

While Kerkorian is selling GM shares, he is picking up more shares in Las Vegas casino operator MGM Mirage. Tracinda announced yesterday that it was boosting its stake in MGM Mirage to more than 60 percent, through a \$55-a-share tender offer worth about \$825 million. Tracinda currently owns 56 percent of Mirage.