


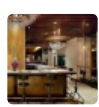
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FROM THE ARCHIVES

GM to close Saab after sale talks fail

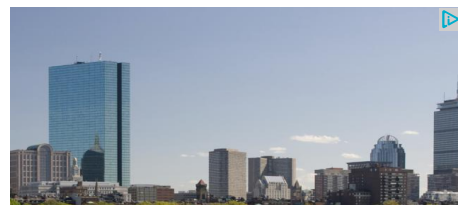
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GM's sale of Hummer falls through

The automaker says it's unable to complete a deal to sell its SUV brand to a Chinese industrial company. It plans to wind down Hummer operations, which would affect about 3,000 workers.

February 25, 2010 | By Jerry Hirsch

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The hulking Hummer SUV brand looks to be headed for extinction.

General Motors Co. said Wednesday that it was unable to complete a deal to sell its Hummer line to Sichuan Tengzhong Heavy Industrial Machinery Co., a Chinese industrial company.

Now Hummer is expected to follow GM's Saturn and Pontiac nameplates into oblivion. GM shed those brands as part of its bankruptcy restructuring last year so that it could focus on its more successful Chevrolet, Buick, GMC and Cadillac brands.

GM said it would now begin "the orderly wind-down of the Hummer operations." The process is expected to take several months, and the automaker said it would consider any "viable" offers for all or part of the brand. GM went through a similar situation with its Swedish Saab division. After first saying it could not find buyers and that it would close the company, GM sold Saab to Dutch sports-car maker Spyker Cars last month.



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The Hummer, with its outsized body and gas-guzzling engines, was a "hedonistic" symbol of a bygone era of U.S. automotive development and it's "no surprise" that GM could not complete a sale, said Rebecca Lindland, auto industry analyst at IHS Global Insight.

"Realistically, I think this is the right thing to do. It was doubtful that the brand was going to be successful. This was a brand that had its day," Lindland said.

One obstacle was GM's inability to get clearance for the transaction from the Chinese government, she said.

"Closing Hummer simultaneously improves the health of GM, China and the planet. Hummer should rest in pieces," said Dan Becker, director of the Safe Climate Campaign, a Washington advocacy group that wants to reduce greenhouse gas emissions.

About 3,000 jobs in the U.S. are tied to building and selling Hummers. Under terms of the scuttled deal, assembly plants in Louisiana and Indiana would have continued to produce Hummers under contract for Tengzhong until June 2011, with an optional one-year extension.

"We have since considered a number of possibilities for Hummer along the way, and we are disappointed that the deal with Tengzhong could not be completed," said John Smith, GM's vice president of corporate planning and alliances. "GM will now work closely with Hummer employees, dealers and suppliers to wind down the business in an orderly and responsible manner."

Coincidentally, GM's announcement came on the same day that consumer research company J.D. Power & Associates ranked Hummer as having the highest consumer satisfaction for dealer service among non-luxury brands.

The rankings were based on five measures of consumer satisfaction scored last year.

GM said it would continue to honor Hummer warranties and provide service support and spare parts to vehicle owners.

The Hummer was originally built on the same platform as the military's Humvee, produced by AM General. GM bought the Hummer brand from the South Bend, Ind., company in 1998.

The brand was hugely successful for GM early in this decade, peaking in 2006 with 71,524 sold in the U.S., but has collapsed since then.

Only 9,000 Hummers were sold last year in the U.S. The brand has been hurt by shifting consumer tastes and higher gasoline prices. The 2010 Hummer H3 has a combined city-highway fuel economy rating of 15 miles per gallon, according to the U.S. Environmental Protection Agency.

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