

## GM discusses sale of Hummer brand

General Motors is discussing the sale of its Hummer brand with a number of potential buyers, the firm has said.

It is part of the car giant's plans to shift its focus away from trucks and large sports utility vehicles (SUVs).

Sales of the gas-guzzling Hummers have fallen sharply as rising fuel prices have forced consumers to switch to smaller and more efficient vehicles.

GM recently announced plans to close four factories making the larger models in Mexico and North America.

The company would not confirm the names of any of the parties it is in discussion with.

There has been speculation that two Indian car makers may be interested in Hummer - Tata Motors, which bought Jaguar and Land Rover from Ford, and rival Mahindra & Mahindra.

When GM announced in June that it was considering selling the Hummer brand, analysts said the company should have put it up for sale a couple of years earlier to get the best price for it.

The Hummer's design was based on a military vehicle, known as the Humvee.

Footballer David Beckham used to own one, as did former film star and governor of California Arnold Schwarzenegger, though he had his Hummer converted to run on bio-fuel.

(Source: BBC)

## Motorola in surprise sales rise

Mobile phone giant Motorola has surprised investors by selling more handsets in the second quarter of the year than during the first.

It sold 28.1 million phones between April and June, one million higher than the previous three months.

It unexpectedly held off competition from LG to stay the world's third-biggest mobile phone company.

Motorola also unveiled net profits of \$4m (£2m), compared to a loss of \$28m in the second quarter of 2007.

Its sales fell 7.4% to \$8.1b, but the total was higher than had been expected.

Motorola has struggled to come up with a new handset to follow its highly successful Razr phone. Its successor, the Razr 2, was outsold by the original design by 3 to 1.

Nokia was still the world's most successful mobile phone company in the second quarter of 2008, said industry observers Strategy Analytics.

The Finnish company sold 122 million of the 297 million handsets sold worldwide during the period.

Samsung was second with sales of 46 million, while LG Electronics was fourth with sales of 28 million.

Sony Ericsson, which made a loss in the second quarter for the first time since the end of 2003, hung on to fifth spot.

Apple, sold 700,000 iPhones in the second quarter, a significant fall from the 1.7 million sales it made in the previous three months.

Strategy Analytics said this was because Apple was running down stock of its older iPhone ahead of the launch of the 2.0 version which went on sale at the end of June.

(Source: BBC)

# Stocks take a tumble

NEW YORK (CNNMoney.com) — Wall Street's losses accelerated at the end of the day Thursday as investors fretted about the labor market and a reading on the economy's growth that was less positive than forecast.

Losses on the tech-heavy Nasdaq were limited by Motorola earnings that were better than expected and by promising biotech news.

The Dow Jones industrial average (INDU) ended the day down 206 points, or 1.8% lower, while the broader Standard & Poor's 500 index (SPX) finished 1.3% lower. The tech-heavy Nasdaq composite index (COMP) slid 0.2% after holding onto modest gains throughout the day.

One analyst said investors acted ahead of what is expected to be a grim July unemployment report on Friday.

"The surge in jobless claims gave investors a perfect excuse to take money off the table ahead of the major report of the month, which is employment," said Peter Cardillo, chief market economist at Avalon



Partners.

The U.S. Department of Labor is expected to report that unemployment ticked up to 5.6% from 5.5% in the month prior, according to a consensus estimate of economists from Briefing.com.

A job loss of 75,000 is forecast, which would mark the seventh straight month of declines.

A government report on Thursday that showed the economy grew at a slower-than-expected pace in the second quarter hurt market senti-

ment, as did a surge in initial jobless claims.

All three major indexes opened sharply lower before turning mixed as investors digested the news.

"The economic data that came in this morning was clearly disappointing," said Art Hogan, chief market strategist at Jefferies & Co.

"The main focus of market was the GDP report that was weaker than expected," said Ed Clissold, senior global analyst with Ned Davis Research. "With the stimulus checks mostly going through the economy, what is it going to do once those dissipate?"

The market weakness came on the heels of a big two-day rally for stocks. The 30-component Dow gained "452 points in 2 days, so it is not surprising to get any sort of a pullback," said Hogan.

Market breadth was negative. On the New York Stock exchange, decliners beat advancers by nearly 2 to 1 on volume of 1.5 billion shares. On the Nasdaq, decliners just beat out advancers 15 to 13 on volume of 2.4 billion shares.

## HBOS profits plunge 70%

Profits at HBOS, the country's biggest mortgage lender, plunged 72% in the first six months of the year after it was forced to take a £1.1b hit from investments hurt by the credit crunch.

As it reported £848m of profits, the bank admitted that it was considering "selective asset disposals" barely a week after raising £4b by selling new shares to investors.

The group, led by chief executive Andy Hornby, did not indicate which assets were on the block but this could prompt speculation that its Australian and Irish operations are up for sale.

Hornby said the bank would "look at all sensible options". He added: "If some buyers consider assets are worth more to them than they are to us then we don't rule that out."

The bank admitted that its provision to cover customers getting into difficulty with payments had risen by 36% to £1.3b. Arrears in its mortgage arm Halifax were rising off an historically low base as were provisions to its corporate customers and it expects "upward pressure" on these provisions for impairment losses as economic conditions deteriorate.

The results were ahead of consensus forecasts and the bank's shares, which have lost more than 70% of their value from their peak last year, were up more than 5%, at 285p, by 2.30pm. Its rights issue - shunned by the majority of its shareholders - was priced at 282p.

He said he had not considered resigning, despite support from only



8% of shareholders for the cash call. "I accept that the rights issue was a very tough process," he conceded but insisted "I'm extremely glad we've done it".

Its own forecast for house prices is for a 9% fall in 2008. While it did not revise its own forecast it noted that the consensus was shifting to a 15-20% drop in house prices.

In the mortgage market, where its Halifax arm traditionally has a 20% share, the bank pointed to "significant changes in the competitive landscape". Its share of net lending was just 7% - compared with Abbey's 26% and the 24% reported by Lloyds - reflecting its determination to only chase profitable business.

Net lending includes customers who are taking their home loans to other lenders and had stood at a similar level during the same period last year. But in the second half of 2007 its net lending share had been

22%. Halifax's share of the gross mortgage market, which is purely new business, was 19% - identical to the same period last year.

"We have pursued a strategy of supporting the housing market, attracting a greater proportion of house purchase applications than the market average and consequently reducing the remortgage proportion of our total lending, compared to the market," HBOS said.

As a result the business it is doing is more profitable than it has been "for some time" and could improve further into 2009. The bank added: "The continued effect of the 2007 financial markets dislocation has contributed directly to a lower supply of mortgage funding (and, therefore, a smaller market) and to increased competition for deposits. In mortgages our share of new lending was unchanged from the first half of 2007 which, after all allowing

for the smaller markets and repayments, resulted in a reduced level of net lending."

"The economic outlook is clearly challenging with rising fuel and utility prices increasing affordability stretch. The reduced supply of mortgage finance and generally less benign prospects for the economy are continuing to contribute to lower levels of housing transactions and falling house prices. In this environment, we will continue to favor profitable mortgage lending over market share and will maintain our cautious approach to growth in credit cards and unsecured personal loans," it added.

As it announced during its £4b rights issue, the bank will pay its interim dividend in shares. It intends to pay the second-half dividend in cash and said it was targeting a payout ratio of 40%.

As a result of the fundraising, it has set itself a target for core tier one capital - a key measure of regulatory strength - of 6.0%-7.0%. With out the rights issue, which took place outside reporting period, core tier one ratio was 5.3%. The bank expects positive GDP growth this year but with a risk of worsening next year and does not expect the Bank of England's monetary policy committee to shift interest rates much in the face of inflationary pressures.

The bank also played down any hope of the securitization markets - on which it raises money from big investors to fund its mortgages - reopening.

(Source: Guardian)

## BMW scraps profit forecast on U.S. sales, dollar, oil

Bayerische Motoren Werke AG, the world's largest maker of luxury vehicles, reported second-quarter earnings that trailed analysts' estimates and abandoned its profit forecast for this year on falling U.S. sales, the dollar's decline and rising costs for raw materials and oil.

Net income fell to 507 million euros (\$790 million) in the second quarter from 753 million euros a year earlier, the Munich-based company said in a report today, missing a median forecast of 703 million euros of five analysts in a Bloomberg survey. Sales declined to 14.6 billion euros from 14.7 billion euros.

"Business conditions for the automobile industry have deteriorated sharply over the past weeks," BMW said. BMW follows Daimler AG, the world's second biggest luxury carmaker, which cut its earnings forecast on July 25 as U.S. sales dragged down profit. Car sales in the U.S., BMW's biggest market, have fallen 10 percent this year as soaring gasoline prices and slowing economic growth reduce consumer spending.

"What's surprising is the size of the cut," said Georg Stuerzer, an analyst at UniCredit Markets & Investment Banking in Munich who rates the stock a "buy." "Next year won't become easier due to currency risks and commodity prices."

BMW is no longer sticking to its forecast for 2008 pretax profit

of 3.78 billion euros, spokesman Marc Hassinger said in an interview. The company had forecast higher earnings on eastern European and Asia sales and demand for the X6 crossover and upgrades of the X5 SUV and Mini Car.

BMW expects a return on sales of at least 4 percent this year and an operating profit margin of 4 percent or higher in the automobile division, the company said in a statement.

"Rising oil and raw material prices, the weakness of the U.S. dollar, the impact of the international financial crisis and a weaker U.S. economy have made business conditions significantly more difficult," the company said. BMW more than

doubled risk provisions and allowances for residual value risks and bad debt to 695 million euros in the second quarter from 236 million euros. Expenses for job cuts amounted to 107 million euros in the first six months.

European deliveries are expected to shrink 2.7 percent in 2008, faster than the 2 percent drop in the first half, the European Automobile Manufacturers Association has said.

Chief Executive Officer Norbert Reithofer has a program in place to cut spending by 6 billion euros, including the elimination of 8,100 jobs, to help increase its return on sales in automaking to 8 percent and 10 percent by 2012 from 6 percent in 2007.

(Source: Bloomberg)

## Bristol offers to buy ImClone for \$60 a share

NEW YORK (Reuters) — Bristol-Myers Squibb Co (BMY.N) has offered to buy ImClone Systems Inc (IMCL.O) for \$60 a share, valuing its biotech partner at \$5.2 billion in a deal to strengthen its grip on the fast-growing Erbitux cancer drug.

ImClone shares jumped 37.7 percent to \$63.93 on Thursday, well above the offer price, reflecting the expectation that the company will command a higher offer.

"I think they may have to pay closer to a 50 percent premium," said Summer Street Research analyst Carol Werther. "ImClone has a superb pipeline, and I think you have to value that somehow."

The unsolicited offer, which represents a premium of roughly 30 percent over Wednesday's closing price, marks the latest in a spate of pharmaceutical-biotech deals, including Roche Holding AG's (ROG.VX) recent \$43.7 billion bid for the part of Genentech Inc (DNA.N) it doesn't already own.

Drug makers have been eager to buy biotech assets to replenish dry pipelines as they endure patent expirations on their top medicines.

Shares of other biotechnology companies with pharmaceutical partners, including Amylin Pharmaceuticals Inc (AMLN.O) and Onyx Pharmaceuticals (ONXX.O), rose sharply after news of Bristol's offer.

A buyout would be the latest twist in ImClone's colorful history. Stock trades in late 2001, based on insider news about Erbitux, landed ImClone's original CEO, Sam Waksal, and his friend Martha Stewart in jail.

According to a regulatory filing, Bristol Chief Executive James Cornelius made the offer to Carl Icahn, the billionaire investor who is also ImClone's chairman. Few investors expect Icahn to accept the bid as is.

## Kodak posts lower 2Q profit, revises outlook

ROCHESTER, NY (AP) — Eastman Kodak Co. said Thursday its second-quarter profit fell 14 percent as digital inkjet-printer investments and higher costs for raw materials offset a hefty tax settlement gain. It also warned that full-year operating earnings will come in at the lower end of its previous forecast, sending its already depressed stock down more than 7 percent.

The photography pioneer, which has transformed itself of the world's biggest maker of chemical-based film products to one centered on electronic imaging, said it earned \$495 million, or \$1.62 a share, in the April-June quarter, down from \$575 million, or \$2 a share, a year earlier.

Sales edged up 1 percent to \$2.49 billion from \$2.47 billion, as revenue from digital businesses rose 10 percent to \$1.64 billion but traditional film-based revenue slumped 14 percent to \$847 million.

Excluding a tax settlement gain of \$270 million and other one-time items, Kodak lost \$40 million, or 13 cents a share, in the latest period. Analysts polled by Thomson Financial had expected, on average, earnings of 16 cents a share on sales of \$2.44 billion.

The company said it now expects 2008 operating profit to finish at the lower end of its previously forecast range of \$400 million to \$500 million. It continues to predict total revenue growth of up to 2 percent, with digital sales gains ranging from 7 percent to 10 percent.

"Despite a challenging economic environment and significant increases in commodity costs, we are achieving our strategic objective of becoming a growing and profitable digital company," Chief Executive Antonio Perez said in a conference call with analysts.