

BUSINESS

Leading indicators

	DOW	NASDAQ
Friday	▲+73.03	▼-6.08
Close	11,288.54	2,245.38
The week	▼-57.97	▼-69.73

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Friday, July 4, 2008 Business dept.: 313-222-8765, business@freepress.com

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10A

HE SAID

“We are facing an epochal change in our societies. The sense of urgency has dramatically increased over the past two years.”



Daimler AG CEO **DIETER ZETSCHKE**, speaking at a conference on how the auto industry can help slow global warming.

CARLOS OSORIO/Associated Press

AUTOS

Guardian to shut plant in Warren

Guardian Automotive Inc., a supplier of automotive glass and exterior trim parts, will shut a plant in Warren at the end of August because of declining U.S. sales of cars and trucks.

The closing will result in layoffs for 78 employees, Amy Hennes, a spokeswoman for the Auburn Hills-based supplier, said Thursday. The company is part of Guardian Industries Corp., owned by Bill Davidson, who also owns the Detroit Pistons basketball team.

“There has been a decline in auto sales, resulting in production cuts,” Hennes said. The plant makes stamped-metal parts and trim components.

BMW shows off new version of flagship

BMW AG unveiled a new version of its top-end 7-Series sedan Thursday, hoping demand from Chinese and American drivers will make up for higher steel and oil costs.

BMW’s flagship model “will contribute a great deal” to achieving the automaker’s 2012 profit targets, CEO Norbert Reithofer said at an event in Munich to introduce the car. The fifth generation of the 7-Series will go on sale this fall, with a range of new technology, including four-wheel steering, unlimited in-car Internet access, and a night-vision feature that warns drivers of people near the roadway.

The 7-Series typically showcases BMW’s latest technology as it competes for sales with the Mercedes-Benz S-Class from Daimler AG and Volkswagen AG’s Audi A8. The current 7-Series included the introduction of BMW’s iDrive auto entertainment system and a version powered by a hydrogen-combustion engine. The next 7-Series will include a hybrid version, Reithofer said.



UWE LEIN/Associated Press

Norbert Reithofer, CEO of BMW, shows off the new BMW 7 series in Munich, Germany, on Thursday.

Lenders OK Lear’s extension of credit line

Lear Corp., a maker of automotive seats, said a majority of lenders agreed to its proposal to extend an untapped \$1.7-billion revolving credit line by almost two years.

The extension, from March 23, 2010, to Jan. 31, 2012, takes effect Thursday, the Southfield-based company said in a U.S. Securities and Exchange Commission filing.

AIR TRAVEL

Airlines rejecting cash for in-flight buying

Don’t bother hitting the ATM before boarding your flight — your airline may no longer be accepting cash.

Starting Aug. 5, Alaska Airlines will become the latest carrier to go cashless for in-flight purchases such as headphones, cocktails and snacks.

Others that have gone cashless include Frontier Airlines, American Airlines, JetBlue, Air-Tran and Midwest Airlines.

COURTS

Former CEO of Refco gets 16 years

The former chief executive of Refco Inc. was sentenced Thursday to 16 years in prison for a financial cover-up that brought down one of the world’s largest commodities brokerages.

Phillip Bennett, 59, a British citizen living in Gladstone, N.J., had previously pleaded guilty to conspiracy to commit securities fraud and other charges.

Bennett said he didn’t mean to hurt anyone. His voice cracked when he apologized to his family for their “unimaginable agony.”

Free Press staff and news services

IN THE SUNDAY FREE PRESS
Detroit automakers race to create fuel-efficient cars that will sell well

Truck discounts ramped up

Despite increased incentives, sales fall to lowest rate in 15 years

By SARAH A. WEBSTER
FREE PRESS BUSINESS WRITER

The days of the deal are creeping back, at least on big trucks.

After years of trying to wean themselves off fat cash-back rebates and special financing discounts — which have proven to erode profits, brand image and resale values — many of the nation’s automakers have been jacking up the deals in

territories not seen since the summer “employee pricing” craze of 2005.

Last month, automakers offered an average of \$6,580 off pickups and \$5,850 off midsize SUVs, according to Autodata Corp. of Woodcliff Lake, N.J., a private firm that estimates incentive spending. Automakers do not report that number publicly.

Despite those deals, industrywide sales in the

United States still fell 18.3% in June and hit their lowest sales rate in 15 years, a consequence of a sour economy and \$4-a-gallon gasoline. That included a drop of 7.9% for cars and 28.4% for light trucks, a category that includes pickups, SUVs, vans and crossovers.

“It would have been worse without it,” Dave Lucas, a vice president of Au-

See INCENTIVE, 11A

Truck deals on the rise

While incentives for increasingly popular cars declined 2.1% last month, compared with the same month a year ago, evaporating desire for trucks is leading to heavy discounting. Cash-back rebates, special financing programs and other discounts for light trucks — a category that includes pickups, SUVs, crossovers and vans — grew 14.8%.

	June 2008	June 2007	Change	% Change
GM	\$3,962	\$2,785	\$1,177	42.3%
Ford	\$4,847	\$4,351	\$496	11.4%
Chrysler	\$4,685	\$4,858	(\$173)	-3.6%
Toyota	\$2,332	\$1,902	\$430	22.6%
Honda	\$2,082	\$1,357	\$725	53.4%
Nissan	\$2,545	\$3,322	(\$ 777)	-23.4%
Industrywide	\$3,762	\$3,276	\$486	14.8%

Source: Autodata Corp.

FOCUSING ON RETAIL NICHE



Photos by MANDI WRIGHT/Detroit Free Press

The Detroit Popcorn Co. was on the verge of closing in January when president David Farber learned of a building on Telegraph Road in Redford Township. He invested \$2 million to move and saw significant tax savings.

SALES POPPING AT NEW STORE

Detroit Popcorn’s move brings foot traffic, more profit

By CHRISTY DUAN
FREE PRESS SPECIAL WRITER

In January, David Farber, president of Detroit Popcorn Co., thought he would have to shut down the now 85-year-old business and re-retire at 47.

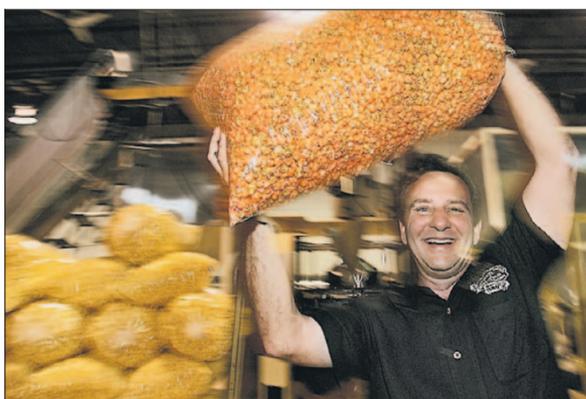
During his first shot at retirement, he sold his 10 Vitamin Outlet stores, sat in his basement and drove his wife nuts before a friend told him Detroit Popcorn was up for sale.

Farber purchased the dying business three years ago in an attempt to revitalize it.

But marketing the company — which sells concession supplies such as popcorn and cotton candy as well as provides wholesale products to local companies — proved difficult in its location. Its Detroit facility on Greenfield Road near I-96 was oversized and didn’t generate much foot traffic. Expensive city taxes also strained the company.

“We were going to close on Jan. 1, but when this building popped up, there was real hope, real life. We were blessed,” Farber said. “It was the perfect building.”

Instead of closing, Farber spent more than \$2 million to move to Telegraph Road in Redford Township. The 32,000-



David Farber, 48, president of the Detroit Popcorn Co., projects sales will reach \$3 million this year — more than double those of three years ago.

square-foot facility, while smaller than the previous location, offers a larger showroom. The Telegraph location also made it easier for Detroit Popcorn to market its products because of its better visibility and proximity to freeways.

Due to its relocation, Farber said Detroit Popcorn is expected to save \$30,000 to \$35,000 annually due to a lower tax bill. Its online business is booming, generating \$200,000 annually.

“The first half of the year has been phenomenal. We have about \$500,000 growth for the year, but it’s too soon to tell,” Farber said. “This is the first year we’re making money since we bought it, which feels good.”

He projects sales will reach

See POPCORN, 11A

Detroit Popcorn Co.

Owner: David Farber
Founded: 1923
What it does: Sells concession supplies such as popcorn and cotton candy and provides wholesale products to local companies. It also rents and services equipment.
Number of workers: 28
For more information: Call 313-387-1600 or 800-642-2676 or visit www.detroitpopcorn.com.

David Farber

Age: 48
City of residence: West Bloomfield
Personal: Married to Jill and has three children

Wobbly shares of GM recover slightly

Analyst calls cash level manageable

By KATIE MERX
FREE PRESS BUSINESS WRITER

Shares of General Motors Corp. rebounded by 1.4% to \$10.12 Thursday from a Wednesday low not seen since 1954 as an analyst waved off the threat of bankruptcy but said the automaker may need to raise \$10 billion to ride out deteriorating U.S. auto sales.

JP Morgan analyst Himanshu Patel said in a note to investors Thursday morning that he believes GM’s liquidity position is in the middle among the Detroit automakers. He ranked GM’s cash position “tough but manageable.” A day earlier, Merrill Lynch analyst John Murphy said the automaker may need to raise as much as \$15 billion to remain solvent and wrote that “bankruptcy is not impossible.”

Patel wrote that GM may get to a point where its cash is tight, but he believes the automaker has enough cash to fund the business through 2009 and will be able to raise any money it might need by borrowing against its trademarks and profitable foreign operations, and pushing back its contribution to a UAW health fund.

He expects that GM will seek to raise more cash and announce more restructuring moves by the end of September.

“While GM had \$24 billion of

See GM, 11A



Associated Press

Chevy Beat may go on

General Motors Corp. may bring the next-generation Chevrolet Beat minicar to the United States in an effort to inject more fuel-efficient cars into its lineup, Vice Chairman Bob Lutz said Thursday.

GM plans to manufacture the first-generation Beat minicar in South Korea for sale outside of North America beginning in mid-2009. Automakers typically take three to five years to release a next-generation vehicle.

GM showed the Beat along with two other minicar concepts — collectively referred to as the triplets — at the New York Auto Show last year.

Lutz said the company may bring the next-generation Beat to the United States, but “we think it’s too late for this one.”

- KATIE MERX

“We have about \$500,000 growth for the year... This is the first year we’re making money since we bought it.”

DAVID FARBER, president of the Detroit Popcorn Co., which is now in Redford Township