American Suzuki Files For Bankruptcy Protection

The Associated Press

BREA, Calif. (AP) — In a story Nov. 5 about American Suzuki Motor Corp. filing for Chapter 11 bankruptcy protection, The Associated Press reported that American Suzuki intends to honor all buyback agreements. The AP should have clarified that the automaker will honor all buyback agreements already in place with financial institutions.

An updated version of the story is below:

American Suzuki files for bankruptcy protection

American Suzuki Motor to cease selling cars, focus on motorcycles, ATVs in reorganization

BREA, Calif. (AP) — American Suzuki Motor Corp. on Monday filed for Chapter 11 bankruptcy protection and said it will cease selling automobiles in the U.S. as part of a plan to restructure its business.

The company, based in Brea, Calif., is the sole distributor of Suzuki Motor Co. vehicles in the continental U.S.

In documents filed with the U.S. Bankruptcy Court in the Central District of California, the company estimated that its debts and liabilities range from at least $100 million to as much as $500 million.

It also said it has between 1,000 and 5,000 creditors.

American Suzuki Motor said it has enough cash to operate during the restructuring and intends to honor all car warranties. It also will honor all buyback agreements currently in place with financial institutions. It will work with its car dealerships to help them transition into parts-and-service operations. In some cases, the dealerships will be shuttered, it said.

Once it exits bankruptcy protection, American Suzuki Motor said it will focus on selling Suzuki motorcycles, all-terrain vehicles and marine outboard engines.

It said that it is exiting the car business because of slow sales, unfavorable foreign exchange rates and high costs due to U.S. regulatory requirements.

It sold 2,023 vehicles in October, which was up 5 percent from the same month last year. Its Grand Vitara sport utility vehicle posted a 64 percent jump in sales last month, although American Suzuki did not say how many of them were sold. In May, the last month it provided a breakdown of its sales, it moved 474 Grand Vitaras, while its biggest seller was its SX4 small crossover, of which 1,101 were sold.

The bankruptcy and reorganization are unrelated to its parent Japan-based Suzuki Motor Corp., which intends to buy the American subsidiary's remaining businesses and automotive service operation.

The reorganized company will retain the American Suzuki Motor name, the company said.

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