

MorningCoffee



Tuesday January 8, 2008

S&P/TSX Composite	-159.71	13618.87
Dow Jones	+27.31	12827.49
S&P 500	+4.55	1416.18
NASDAQ	-5.19	2499.46
S&P/TSX Venture	-38.68	2819.98
Philadelphia SOX	-1.22	371.63
Crude Oil (US\$/brrl)	-2.82	95.09
Gas (US\$/mmbtu)	+0.04	7.88
Copper (US\$/lb)	-0.02	3.13
Gold (US\$/oz)	-3.70	862.00
Nickel (US\$/lb)	-0.34	12.67
Palladium (US\$/oz)	+4.50	370.00
Platinum (US\$/oz)	-17.00	1524.00
Silver (US\$/oz)	-0.13	15.15
Uranium (US\$/lb)	+0.00	90.00
Zinc LME (US\$/lb)	-0.04	1.13
Canadian Dollar	-0.0023	0.9947
30 Year Canada	-0.02	4.062
30 Year U.S.	-0.04	4.337

He's a Total Spud



A New York research librarian won ESPN's Ultimate Couch Potato contest over the weekend, after watching 29 consecutive hours of sports while sitting in Times Square.

Stan Friedman packed it in five minutes after the runner-up, Nate Lopez, a Navy veteran from Queens, The New York Daily News reported. Friedman showed that competitive sitting isn't an age-based activity when at 46 he defeated a man 18 years younger.

Lindsay Wagenblast, a 20-year-old Rutgers student from Edison, N.J., was the crowd favourite as the only woman in the contest. She gave up after 15 hours. "It stopped being fun," Wagenblast told the Daily News.

Contestants, which sat in recliners before a dozen 42-inch screens, could order unlimited food and drinks, but were not allowed to sleep or leave their seats except for toilet breaks once every eight hours.

The winner stood to get \$5,000 in prizes in addition to the title, including a TV.

CANADA

The S&P/TSX Composite dropped as much as 200 points by mid-morning, amid weak resource and banking shares. Oil rose above US\$98 a barrel before falling back, as reports of rising tensions in the Middle East outweighed concerns of demand outlook in top consumer United States from a feared economic recession. CNN reported that five Iranian Revolutionary Guard boats harassed and provoked three U.S. Navy ships in the Strait of Hormuz on Saturday.

Rider Resources (RRZ) jumped higher after **NuVista Energy (NVA)** said it will acquire the company for shares worth about \$287 million to boost oil and gas production and to expand its land base.

Rogers Communications (RCI.B) sold off following news it doubled its annual dividend, and despite predicting continued double-digit growth in revenue and operating profit in 2008. The cable TV, wireless, phone and Internet group said the hike to its dividend followed good subscriber results and healthy demand for its services in the fourth quarter.

The Loonie traded below par after Bank of Canada Governor David Dodge said a Canadian dollar range against the U.S. dollar in the low- to mid-nineties was justified.

UNITED STATES

Markets were mixed, as equities trade fluctuated between worries about the economy and buyers picking up shares in the wake of Friday's steep price drop. **Schlumberger (SLB)**, the biggest provider of services to oil companies, and **Chevron (CVX)**, the second largest U.S. energy company, weighed on benchmark indexes after crude oil retreated for a third day. **Freeport-McMoRan Copper & Gold (FCX)** led a drop in producers of raw-materials.

McDonald's (MCD) boosted the Dow, following a Wall Street Journal report that the fast-food chain would compete with **Starbucks (SBUX)** by opening coffee bars offering cappuccinos and lattes.

Jefferies Group (JEF) fell after the investment bank forecast an unexpected loss for the fourth quarter.

ShoreTel (SHOR) was cut in half after the provider of Pure IP Unified Communications lowered its revenue guidance for its second fiscal quarter, attributing the lowered revenue expectations to a decline in sales to new customers. **Avocent (AVCT)** fell to a 52-week low after the network integration company said it anticipates fourth quarter revenue below estimates due to weak North American management systems sales.

Sony (SNE) rallied on news their Blu-ray high-definition movie format will be used by **Time Warner (TWX)** for newly-released movies. Blu-ray now has the support of four major Hollywood studios.

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ECON 101

CANADIAN Data Today: No scheduled releases.

U.S. Data Today: This morning, **Pending Home Sales** (Nov) are expected to fall by 0.7%, after gaining 0.6% the previous month, while **Consumer Credit** (Nov) should come in at \$8.0 billion, up from \$4.7 billion previously.

MARKET MOVERS

Technical Indicators:

	TSX	TSX-V	NYSE	NASDAQ	AMEX
Advancers	564	437	1770	1416	556
Decliners	1008	623	1389	1577	680
Net	-444	-186	+381	-161	-124

Notable 52-Week Highs:

Agnico-Eagle Mines	AEM	\$ 58.98	Intrinsyc Software Int.	ICS	\$ 1.08
Ag Growth Income Fund	AFN.UN	\$ 35.24	Kinross Gold	K	\$ 20.93
Canada Bread Co.	CBY	\$ 72.95	Mineral Deposits	MDM	\$ 1.20
Equinox Minerals Limited	EQN	\$ 6.07	Red Back Mining	RBI	\$ 8.09
Goldcorp	G	\$ 38.41	Sentry Select Blue-Chip Inc Tr	SIT.UN	\$ 23.00
Hemisphere GPS	HEM	\$ 3.94			

Notable 52-Week Lows:

Andrew Peller	ADW.A	\$ 9.15	Mecachrome International	MCH	\$ 11.50
Allbanc Split Corp. II	ALB	\$ 9.56	Magna Entertainment	MEC.A	\$ 0.90
Big 8 Split	BIG.A	\$ 45.76	NewGrowth	NEW.A	\$ 29.50
Brookfield Properties	BPO	\$ 17.91	Nortel Networks	NT	\$ 14.01
CAP REIT	CAR.UN	\$ 14.85	H. Paulin & Co.	PAP.A	\$ 11.06
Certicom	CIC	\$ 1.39	Petrolifera Petroleum	PDP	\$ 8.40
CIBC	CM	\$ 67.01	Jean Coutu Group	PJC.A	\$ 10.33
Canadian Tire Corporation	CTC.A	\$ 66.57	Petaquilla Copper	PTC	\$ 2.40
Circa Enterprises	CTO	\$ 0.74	RDM	RC	\$ 2.12
Cominar REIT	CUF.UN	\$ 18.79	RioCan Real Estate Investment	REI.UN	\$ 19.90
Diversified Income Trust II	DTT.UN	\$ 11.33	Skylon Growth & Income Trust	SKG.UN	\$ 8.88
Energem Resources	ENM	\$ 0.23	SL Split Corp.	SLS	\$ 14.25
EXFO Electro-Optical Engin.	EXF	\$ 4.11	Sierra Wireless	SW	\$ 13.03
5Banc Split	FBS.B	\$ 6.00	Stornoway Diamond	SWY	\$ 0.60
First Capital Realty	FCR	\$ 22.92	Transcontinental	TCL.A	\$ 14.92
UBS Global Allocation Trust	GAT.UN	\$ 8.56	Top 10 Canadian Financial	TCT.UN	\$ 13.18
HudBay Minerals	HBM	\$ 17.39	Tax Optimized Return Trust	TO.A	\$ 7.70
Harry Winston Diamond	HW	\$ 31.08	Top 10 Split Trust	TXT.UN	\$ 7.54
Innergex Power Income Fund	IEF.UN	\$ 11.72	Welton Energy	WLT	\$ 0.37
InterOil	IOL	\$ 17.52	Wallbridge Mining Company	WM	\$ 0.25
Jazz Air Income Fund	JAZ.UN	\$ 7.29	Exco Technologies	XTC	\$ 2.78
Lundin Mining	LUN	\$ 8.49	Zazu Metals	ZAZ	\$ 1.40

CANADIAN EQUITIES OF INTEREST

Listed Alphabetically by Symbol

Canadian Dollar (FXCAU : US\$0.9947), Net Change: -0.0023, % Change: -0.23%

The Loonie bullets a Dodge. David Dodge said that a Loonie exchange of US\$0.90-0.95 would be “totally justified” by the historic relationship between the currency, commodity exports and economic strength. He added that the “appreciation of Canadian dollar against U.S. dollar is clearly having a slightly greater downside impact on our domestic inflation than we had estimated last October...downside risks to Canada from slower U.S. growth in the first half of 2008 are probably greater than we

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had estimated.” The **U.S. Dollar Index (DXY)** was up for the first time this year, rising 0.47% to 76.15. If the Fed were to drop their key rate by 50 basis points on January 29 (as a growing number of marketwatchers believe), it is difficult to see how the U.S. dollar doesn't face more selling pressure.

ARISE Technologies (APV : TSX : \$2.41), Net Change: 0.12, % Change: 5.24%, Volume: 2,536,154

“Waterloo, knowing my fate is to be with you.” – ABBA. ARISE announced that its mini silicon feedstock pilot plant – located at its Waterloo, Ontario headquarters – is now operational and that polysilicon has been successfully produced. This milestone meets the timeline established by management during 2007. ARISE expects to start using internally produced silicon in 2008, and subsequently grow its production capacity beyond its internal needs by 2012. Once the mini pilot plant has met internal objectives (economics, quality, and scalability), ARISE plans to build a larger pilot plant in 2008, with a target of producing roughly 50 metric tonnes of solar-grade silicon in 2009 (just over 5MW). Canaccord Adams Analyst Sara Elford says if ultimately successful, the company's silicon program has significant strategic value that is not reflected in its current stock price. As Disco Stu can tell you, Waterloo was ABBA's first U.K. #1 single.

Artis REIT (AX.UN : TSX : \$14.90), Net Change: -0.09, % Change: -0.60%, Volume: 76,255

Read Barrons? Artis received a positive mention in a Barron's article entitled, “Finding The Bargains In Global Real Estate”. The paper interviewed Scott W. Blasdel, a Portfolio Manager with J.P. Morgan Investment Management. When asked about Artis, Blasdel had this to say: “Artis is a property developer that owns commercial real estate in Canada. The company's focus is on retail and industrial commercial properties in booming western Canada, where we are seeing very strong growth in just about every property type. And this is a company offering just over a 7% dividend yield, and management is pretty good.” Artis was mentioned along side of some of Blasdel's other U.S. and International real estate holdings: **Simon Property Group (SPG), ProLogis (PLD), Public Storage (PSA), Boston Properties (BXP), Kimco Realty (KIM)**, Japan's Mitsubishi Estate, Mitsui Fudosan, Hong Kong's Sun Hung Kai Properties, France's Unibail-Rodamco and Australia Stockland. Canaccord Adams pegs Artis' pre-tax NAV at roughly \$17.75 per unit (using a 6.75% portfolio capitalization rate).

Birchcliff Energy (BIR : TSX : \$7.50), Net Change: -0.10, % Change: -1.32%, Volume: 1,960,895

BUY THE BOOK: “Get Smarter – Life And Business Lessons” by Seymour Schulich. Noted businessman and philanthropist Seymour Schulich has increased his interest in Birchcliff by purchasing an additional 1.8 million shares of the company through the public market. As a result of this purchase, Schulich currently owns or exercises control and direction over 18.8 million common shares of the company. Schulich's current shareholdings represent approximately 19.9% of the current issued and outstanding common shares. Birchcliff previously provided guidance of a 2007 exit production range of 10,300 to 10,500 boe/d, which compares with October rates of 9,000 boe/d. Q4 drilling included two horizontal Montney/Doig wells at Pouce Coupe; the rates of the first well were within the company's expectations for 4-5 mmcf/d (raw gas). These wells could be the start of a potentially large, repeatable drilling program with high impact to reserves and production.

Bioscrypt (BYT : TSX : \$0.52), Net Change: 0.16, % Change: 44.44%, Volume: 2,705,895

Urban Myth #5765543: Gummy Bears can fool fingerprint scanners. L-1 Identity Solutions (ID) is buying Bioscrypt in stock-for-stock transaction. Under the terms of the agreement, L-1 will purchase Bioscrypt for C\$0.55 per share, representing a total purchase price of approximately C\$44.0 million. Subject to certain conditions, the number of L-1 shares to be issued in payment of the purchase price for the Bioscrypt shares will be based on the average closing price of L-1 shares on the NYSE for the 20 trading days ending five trading days prior to the closing date of the acquisition. The price at which such shares are issued shall not be greater than 105% or less than 95% of US\$17.72 (the average closing price of L-1 shares on the NYSE for the five trading days ending the day prior to announcement of the transaction). Under the definitive agreement, the maximum number of shares that can be issued is 2.6 million shares. The acquisition will be submitted to Bioscrypt security holders for approval at a special meeting expected to be held in February 2008. Directors of Bioscrypt have unanimously recommended that security holders vote in favour of the acquisition. Directors, officers and other shareholders of Bioscrypt, representing approximately 25% of the outstanding shares of Bioscrypt are voting in favour of the transaction. Bioscrypt makes fingerprint verification and identification systems.

CIBC (CM : TSX : \$69.02), Net Change: 1.02, % Change: 1.50%, Volume: 2,185,159

TSX Group (X : TSX : \$52.02), Net Change: 0.17, % Change: 0.33%, Volume: 461,049

“Heads will roll and rock tonight. For those about to rock, we salute you.” – AC/DC. CIBC announced that some very senior heads were rolling. The company revealed that two senior officers were leaving the firm: CEO of CIBC World Markets and

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CIBC's Chief Risk Officer. Tom Woods, the company's CFO, is being moved to the role of Chief Risk Officer, while David Wililamson, formerly President and CEO of Atlas Cold Storage and CFO of Clarica Life Insurance, is being appointed CFO, and Richard Nesbitt, CEO of the TSX Group from 2004 to 2007, will be joining CIBC as CEO of CIBC World Markets (effective February 29, 2008). Given the recent challenges and substantial mortgage-related write-downs this is hardly a surprising shake-up. It was reported that David Williamson (the new CFO) was possibly being brought on given his substantial experience in buying and selling corporate assets, implying that significant divestitures (or acquisitions) could be anticipated, including media speculation that even CIBC World Markets could end up on the auction block.

Intrinsyc Software (ICS : TSX : \$1.05), Net Change: 0.05, % Change: 5.00%, Volume: 1,057,840

Is that a geoduck in your pocket, or are you just happy to sashimi? Intrinsyc announced that its has signed a deal with Micro-Star (MSI) for its Soleus-based software to be used on an MSI built consumer handset that features personal navigation and Mobile Digital TV capabilities. The 5608 wireless handset is MSI's first product for the mobile phone market, as well as the first in a series of Soleus-based mobile phones and wireless handheld devices planned by this global manufacturer of computer hardware and consumer electronics products. The 5608 also represents the first commercially available consumer product based on Intrinsyc's Soleus software platform to be launched in 2008. Intrinsyc signed a Software License Agreement (SLA) with MSI in June 2007. MSI is one of the leading manufacturers of computer hardware products, and is among the world's top five PC motherboard manufacturers. While Intrinsyc's stock has shown a strong performance, having more than doubled since mid September, there could be some resistance to further price gains, despite expectations of further contract announcements. With roughly 29 million options and warrants outstanding (or about 24% dilution), with the majority exercisable near or below the current price, there could be resistance as the market chews through this potential overhang.

Potash Corp. of Sask. (POT : TSX : \$140.14), Net Change: -2.51, % Change: -1.76%, Volume: 1,181,775

Fertilizer is like Windex, you can put it on anything. Credit Suisse became the second broker in the past seven days to raise estimates and price targets on select fertilizer stocks like Potash Corp. Credit Suisse says potash prices show no signs of slowing down, regardless of how the widely anticipated China negotiations play out. Potash Corp. announced a \$55/tonne increase for January and February shipments and an \$88/tonne increase to be implemented in March. Meanwhile, price increases in the international markets have reflected much of the same bullish sentiment. With inventories currently at low levels and near-term capacity expansions not expected to keep pace with demand, prices are likely to rise further through 2008, and beyond. Near-term capacity expansions have a high level of visibility (although Credit Suisse has seen a few upside surprises in 2007), so it's hardly a stretch to say that the potash market will remain tight until the end of the decade. Credit Suisse believes that prices are rapidly approaching levels where new investment will increase substantially, however, which raises questions about how long excess returns can continue. The good news, of course, is that even an announcement today would likely have little market impact before 2012-13.

Rogers Communications (RCI.B : TSX : \$40.95), Net Change: -2.50, % Change: -5.75%, Volume: 3,873,142

Buck. Rogers announced that it has increased its annual dividend from \$0.50 to \$1.00 per Class A Voting and Class B Non-Voting share effective immediately (paying \$0.25 per quarter), which equates to a 2.4% cash yield. As well, the company announced a share repurchase program, for an aggregate potential purchase of \$300 million worth of its Class B shares. Despite this positive news, shares declined due to apparent concerns over its wireless subscriber growth. While the company announced that it added 651K net new wireless subscribers in 2007, compared with 610K added in 2006, which was more than that of **Bell (BCE)** and **Telus (T)**, growth slowed in the fourth quarter. In Q4, Rogers added 183K net subscribers, compared to 244 thousand last year (a 61% decline in net subscriber growth). The market appears to be worried with the forthcoming wireless spectrum auctions, which provides strong opportunities for new competitors to challenge Canada's incumbent wireless providers, which could put pressure on pricing, margins and subscriber growth.

Rider Resources (RRZ : TSX : \$4.66), Net Change: 0.61, % Change: 15.06%, Volume: 1,587,985

NuVista Energy (NVA : TSX : \$13.30), Net Change: -1.03, % Change: -7.19%, Volume: 370,734

Pimp my Rider. NuVista is buying Rider Resources in an exchange of stock. Under the terms of the agreement, Rider shareholders will receive 0.3540 of a NuVista common share for each Rider common share. Based on 11,500 boe/d in production and 33 million boe in proven plus probable reserves (2P), Rider is being sold for \$48,700 per boe/d and \$18.35 per 2P boe. Directors of NuVista and Rider have both unanimously approved the transaction. The deal is subject to stock exchange, court and regulatory approval, and the approval of at least 66 2/3% of Rider shareholders who vote at a meeting to be called to vote on the transaction and approval of a majority of the NuVista shareholders who vote at a meeting to be called to vote on the

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transaction. It is expected that the NuVista and Rider shareholder meetings to vote on the deal will occur in mid-March 2008. In connection with the transaction, the Ontario Teachers' Pension Plan (OTPP) has agreed to subscribe for 6.0 million units of NuVista at a price of \$14.00 per Unit for proceeds of \$84.0 million to be issued on a private placement basis. Closing of the private placement will occur concurrently with the closing of the transaction, which is anticipated to occur in mid-March 2008. The proceeds of the private placement will initially be used to reduce debt. At closing, on a fully diluted basis, OTPP will own approximately 17% percent of NuVista's common shares outstanding. We note shares of Rider were up over 15% last week on what was perhaps takeover speculation.

TD Bank (TD : TSX : \$65.66), Net Change: -1.46, % Change: -2.18%, Volume: 4,986,700

"I'm having so much fun with the poisonous people spreading rumours and lies and stories they made up." – David Bowie. Shares of the TD Bank declined Monday on speculation and rumours that this lender has substantial undeclared exposure to bad sub-prime debt. The bank continues to deny these rumours. But despite these declarations, the rumour on Monday postulated that the bank could have as much as \$12 billion of exposure through derivatives. The speculation was that the bank got the exposure through **Commerce Bancorp (CBH)**, a U.S. lender that TD is acquiring. Officials of both banks have denied any sub-prime exposure. On Monday it was reported that Commerce Bancorp's director of investor relations stated that the New Jersey-based bank has no exposure to sub-prime mortgages. At its lowest on Monday, shares of TD dropped by as much as \$2.12, or 3.2%, while ending the day down 2.4%. Despite not having declared any sub-prime losses, the company's stock is off by over 12% since its recent high in December 2007.

Tyler Resources (TYS : TSX-V : \$1.56), Net Change: 0.56, % Change: 56.00%, Volume: 41,771,481

From China with love (cash). Pop goes that stock price after Tyler Resources, developer of Mexico's largest untapped copper-zinc deposit, announced on Monday that it had agreed to be acquired by Jinchuan Group, China's largest nickel producer, for about \$214 million in cash, or \$1.60 per share. The Bahuerachi property, Mexico's largest undeveloped copper-zinc resource, is Tyler's primary asset. According to Tyler's press release, the offer represents a 116% premium to Tyler's closing price on October 18, 2007, the last trading day prior to the announcement of the unsolicited offer by **Mercator Minerals (ML)**, and represents a 60% premium to Tyler's most recent closing price on January 4, 2008. In addition, the offer represents a 54% premium to Mercator's November 9, 2007 unsolicited offer based on Mercator's closing price on January 4, 2008. Alan Craven, Chairman of the Tyler Board and the Special Committee, said, "In response to Mercator's hostile bid, we began an active and thorough process to identify a range of value enhancing alternatives for the company. Over the past several weeks, we received serious interest from a number of parties. In the end, Jinchuan came forward with the best offer, one that provides Tyler shareholders with immediate, strong and certain value for their company and its assets. The offer has the unanimous support of the Tyler Board." The transaction is expected to close in mid-March.

Xemplar Energy (XE : TSX-V : \$7.25), Net Change: 0.50, % Change: 7.41%, Volume: 2,149,994

Where there's smoke, there's Rio Tinto? Shares of Xemplar popped after the Sunday Express reported that **Rio Tinto (RTP)** may be considering a bid for the company. Xemplar has accumulated an extensive package of uranium exploration holdings in Namibia. The Warmbad project offers the potential of a uranium district with extensive radiometric targets to be drilled. Additionally, the other Namibian uranium properties offer good exploration potential. The recent market capitalization of the company indicates that the market is anticipating a discovery of a large Rossing-type deposit. The drill results are expected by mid-January. The Sunday Express says, "Rio is understood to be watching events carefully and will decide on whether or not it will make a move for the firm after the results come in." The newspaper report goes on to say that Xemplar has found a site in Namibia that may contain more uranium than Rio's existing mine in that country. Rio Tinto has a 69% interest in the Rössing uranium mine in Namibia. The mine currently produces about 7.55% of the world's uranium.

U.S. EQUITIES OF INTEREST

Listed Alphabetically by Symbol

Dennis Gartman

Ever heard of mild cancer? Neither have we. Dennis Gartman of The Gartman Letter minced no words about last Friday's poor jobs figure, which saw the U.S. unemployment rate rise to 5%. "...The news media and Wall Street would have us believe that non-farm payrolls figure released Friday was ill. The media and Wall Street are wrong. This figure was beyond ill; it was horrid;

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it was shocking; it was dismal; it was Steve Bartman causing the Cubs to not make it to the World Series in October '03; it was Brian Sipe throwing that infamous interception to one of those hated Raiders in the AFC playoff game in 1980; it was an Edsel with flat tires; it was a fat man at the beach in a Speedo...The only...the absolutely only...bright spot was that November's jobs were revised upward by 21,000...one needs to know that absolutely all of the job growth came from government hiring, while private industry lost 13,000 jobs. For all of '07, payroll growth averaged 111,000 a month. This is down from 189,000 a month in '06, and the trend in recent months is down. Back in '06, the trend was up. It's not now, nor shall it be in the foreseeable future." What worries us is that most of the private-sector weakness was in construction-related jobs, a sector that is poised to get worse before it improves.

Avocent (AVCT : NASDAQ : US\$15.71), Net Change: -4.50, % Change: -22.27%, Volume: 3,602,693

That's two for unsportsmanlike conduct. Taking a page from Sean Avery's or Jarkko Ruutu's book, shares of network integration company Avocent were taking a dive yesterday after the company guided its fourth quarter revenue estimates below Wall Street's expectations, citing weak North American sales. Avocent said sales in Europe and Asia did not make up for lower sales in the North American management systems unit, which was potentially hurt by client delays. The company now expects fourth-quarter revenue between \$155-157 million, far below the Street's forecast of \$173.7 million, and also below last year's \$164.9 million. Avocent said it still expects revenue growth of 10-11% in 2008, barring any "significant macroeconomic weakening." The company plans to release its fourth-quarter results on January 24.

Crocs (CROX : NASDAQ : US\$28.14), Net Change: -4.61, % Change: -14.08%, Volume: 17,093,100

Holes not just in the shoes? The E.U. has taken a bite out of the Swiss cheese-style shoe maker's shares over the past couple trading sessions. On Friday, a report came out discussing the decision by the European Union's Office for Harmonization in the International Market that ruled in December that Crocs' Registered Community Design, the E.U. equivalent of a patent, is invalid. The ruling said that Croc's Beach model shoes "lack individual character" compared with similar brands. According to Forbes.com, Holey Soles Holdings, located in the Vancouver, Canada, filed the complaint against Crocs in the E.U., claiming that Crocs should not be allowed to forbid other shoe manufacturers from producing similar designs. Crocs plans to appeal the ruling. This is not the first dispute between Holey and Crocs. Between 2001 and 2005, the two shoemakers were essentially selling the same shoes. In early 2005, Crocs, formerly known as Western Brands, reorganized to become Crocs and became aggressively ambitious in its growth strategy and in its attempts to push competitors out of the game. Crocs filed a lawsuit in 2005 against Holey in the Federal Court of Canada, and Holey fired back by filing for a declaratory judgment from a New York court, stating that Holey's designs do not infringe on Crocs' intellectual property. The issue is currently pending. Also mentioned by Forbes.com, Crocs' ongoing dispute may ultimately come down to a strap across the front of its Beach model design. Denver-based patent attorney Kurt Leyendecker told the Boulder, Co.-based Daily Camera that the question comes down to "whether the strap is ornamental or whether its design is dictated by function: if the latter is true, the U.S. design patent may be invalid."

General Electric (GE : NYSE : US\$36.18), Net Change: 0.14, % Change: 0.39%, Volume: 47,503,839

New York Times (NYT : NYSE : US\$16.78), Net Change: -0.21, % Change: -1.24%, Volume: 3,887,108

Can The New York Times orchestrate an Obama-like turnaround? GE's CNBC and the New York Times plan to share material on their web sites. The Times will carry CNBC video while CNBC will use articles from the Times. This union is designed to fight off News Corp.'s (NWS) new venture, the Fox Business Network, and The Wall Street Journal, which have their own alliance. We haven't seen the Fox Business Network but if it mixes up objective financial journalism with relentless cheerleading and pro-Republican rhetoric (think Larry Kudlow or a WSJ editorial), it might have its work cut out for itself. Wall Street tends to lean Democrat, not Republican. GE's arrangement with The Times is a non-cash transaction. CNN, which is owned by Time Warner (TWX), lost many viewers to Fox News. The New York Times has seen its stock fall precipitously from its peak over \$50 in 2002. They are losing much advertising revenue to Google (GOOG) and other Internet providers. They need all the help and support they can get though, arguably, only a buyout will help. And that has got to be on the minds of the key shareholders.

ICICI Bank (IBN : NYSE : US\$67.71), Net Change: 6.05, % Change: 9.81%, Volume: 4,018,125

The chutney is sold separately. India's second-largest bank added more market cap on rumours that the bank is planning to list its investment banking and brokerage unit. A spokesman from the bank said ICICI was exploring various strategic options and would make appropriate disclosures on any decision being made. A spin-off of subsidiaries makes sense, as the separate businesses would have much higher valuations than the entity as a whole. The stock trades about 35 times forward earnings. In

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comparison, financial services firm India Infoline trades at 81.3 times 2008/09 despite being a much less known name. Management is also under pressure to unlock value, as shares rose 38.4% last year versus 90.3% for its main competitor State Bank of India.

Jefferies Group (JEF : NYSE : US\$18.67), Net Change: -1.12, % Change: -5.66%, Volume: 6,502,704

Weak performance? You bet your asset. Boutique brokerage firm Jefferies announced disappointing preliminary Q4 results, which were hit by losses in two trading accounts and weak performance in its high-yield and asset management businesses. The company anticipated revenues of \$345-365 million, well short of the \$390.88 million consensus. Worse, a loss of approximately \$0.17 per share, or \$24 million, was expected in the quarter while analysts had forecast a profit of \$0.33 per share. In response to the weak results, management ordered the shutdown of the two trading accounts and overhauling several business units. In addition, the company reduced the compensation package for its employees, including both their CEO and Chairman, who have foregone their annual bonuses. Despite the difficult quarter, management insists Jefferies has plenty of capital and they “are not seeking any third-party capital infusion.”

Starbucks (SBUX : NASDAQ : US\$18.38), Net Change: 0.27, % Change: 1.49%, Volume: 18,828,290

McDonald's (MCD : NYSE : US\$58.03), Net Change: 0.98, % Change: 1.72%, Volume: 10,763,465

The 'Bucks starts here. After markets closed, Starbucks announced that Chairman Howard Schultz will take over as CEO. The company also announced plans to slow number of new stores built in the U.S. and close struggling locations, improve the customer experience inside stores here, streamline management and accelerate the chain's expansion overseas. Friedman Billings is bullish on Starbucks, noting that although the company continues to face internal and external pressures that are impacting its current valuation relative to its peers, a sum-of-parts analysis indicates that the company is severely undervalued. The firm continues to believe that the dramatic downturn in Starbucks' fundamental performance and valuation further increase the chances of it becoming the target of shareholder activists and more immediately, value investors. The folks at Barron's agree, noting profits still are growing at a 15% clip. While there could be rising pressure on management to scale back Starbucks' rapid domestic expansion in the face of cannibalization and falling returns, if Starbucks shifts gears as McDonald's did a few years ago, the stock could benefit. Speaking of Rotten Ronnie, the Wall Street Journal reported yesterday that starting this year, McDonald's nearly 14,000 U.S. locations will install coffee bars with “baristas” serving cappuccinos, lattes, mochas and the Frappe, similar to Starbucks' ice-blended Frappuccino. McDonald's executives say they aren't launching espresso drinks to go after Starbucks, but instead to cater to consumers' growing interest in specialty drinks. Indeed, analysts say McDonald's may pose more of a threat to Dunkin' Donuts, which has a more similar customer base.

ShoreTel (SHOR : NASDAQ : US\$6.02), Net Change: -7.06, % Change: -53.98%, Volume: 6,145,715

Like a beached whale but without the sympathy. ShoreTel shareholders were grasping for air Monday after the company cut its fiscal second quarter revenue target, as sales to new customers declined. The company, which provides phone systems carried over the Internet, now expects to report revenue of \$29.7-30.7 million in the period ended December 31, lower than an earlier projection for \$32-35 million. The Street was expecting fiscal second quarter revenue of \$34 million. ShoreTel, which plans to announce quarterly results January 29, went public last July at \$9.50 per share.

Sallie Mae (SLM : NYSE : US\$17.83), Net Change: 1.16, % Change: 6.96%, Volume: 37,956,332

*“Let's get the *&#! out of here.”* – CEO Albert Lord during a conference call last month. College-loan provider Sallie Mae named turnaround specialist Anthony Terracciano as Chairman and hired a new CFO to find over \$30 billion in new borrowing, after a hedge fund walked away from buying Sallie Mae. The 69-year-old Terracciano is said to have “an elder statesman quality,” as one analyst put it, and should help bolster confidence that the company isn't just free-falling without a suitor. Recall, outgoing CEO and then-Chairman Albert Lord was very arrogant during the company's conference call in December and even ended the call with a hasty expletive. Critics said Lord clearly doesn't want to be doing what he is doing so why stick around? By stepping down as Chairman, this is a step in the right direction for all involved.

Sony (SNE : NYSE : US\$54.10), Net Change: 1.68, % Change: 3.20%, Volume: 2,059,372

“Oh, no – Beta!” – Snake, upon stealing a VCR (Simpsons). In case you missed it, Sony's Blu-ray technology for high-def DVDs has given the Japanese electronics giant an opportunity it hasn't had in 25 years: the chance to win a high-stakes format war and reap the benefits across its sprawling empire. BUT, as the Wall Street Journal noted, victory comes at a high cost and may be fleeting. Last Friday, Sony scored a key win by luring **Time Warner's (TWX)** Warner Bros. to its Blu-ray technology, putting itself in a position to triumph over Toshiba' HD DVD after a years-long fight to become the standard for the next

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generation of DVDs. However, Sony's push for Blu-ray, which analysts estimate as an investment of hundreds of millions of dollars, has cost the company in areas such as the key videogame market. Still, many analysts believe that Sony's insistence on putting Blu-ray on its PlayStation 3 players gave it just enough extra consumers to help tilt next-generation DVD sales toward Blu-ray. NPD Group's DisplaySearch research firm calls it the "X factor" that "saved their Blu-ray fortunes." If Toshiba had underwritten the cost of putting HD DVD onto the rival Xbox 360 from **Microsoft (MSFT)**, the reasoning goes, the battle might have swung another way. But even with major studios on board, The Journal noted that Sony must still win over consumers to Blu-ray. Consumers were arguably better off with HD DVD technology, which generally cost less to produce, contributing to HD DVD players selling for as little as \$99 over the holidays. Meanwhile, Blu-ray players cost about \$300 and up – and movie titles issued in Blu-ray are often sold for twice the cost of a regular DVD.

GO FIGURE




Rolling the advice in Vegas...As noted by VNUNET.com, the 2008 Consumer Electronics Show is trying to be the greenest in history and wants to become one of the most eco-friendly conferences in the U.S. All attendee literature is printed on recycled paper with soya-based ink, and all light bulbs, batteries and electronics used by the show will be recycled and diverted from landfills.

In addition, 75% of all food containers and utensils used by the Las Vegas Convention Center will be fully biodegradable, and all surplus food will be donated to the Las Vegas Rescue Mission.

"As the world's largest tradeshow for consumer technology, we are also the first tradeshow of our size to reduce our carbon footprint," said Gary Shapiro, president of the Consumer Electronics Association. "We will do so by reducing energy consumption, increasing our recycling efforts, improving efficiency where possible, and making strides towards offsetting our unavoidable emissions. This industry has an opportunity to be a positive force for change and is integral to environmental solutions, which ensure that future generations inherit a healthy planet."

However, with over 100,000 people expected to fly into Las Vegas, the overall carbon footprint of the show is huge. Shapiro hopes to make a dent in this by offsetting 20,000 tonnes of carbon through a combination of certified renewable energy, reforestation and energy efficiency projects with Carbonfund.org, a not-for-profit organization that provides carbon offsetting products to individuals and businesses.

THE LAST DROP: Unless someone like you cares a whole awful lot, nothing is going to get better. It's not.

– Dr. Seuss, *The Lorax* 

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