



THOMSON REUTERS

## MORNING NEWS CALL

**THURSDAY, DECEMBER 4, 2008**

### TOP STORIES

- GM, Chrysler considering bankruptcy to get bailout - report
- Honda Motor sees U.S. car market to fall by 5% next year
- Citigroup top execs ready to forego bonuses - report
- IBM offers 'Microsoft-Free' desktop
- Hewlett-Packard looks to leasing to prime sales
- Costco November sales fall 3%
- U.K. cuts interest rate by 100 basis points to 2%
- Sweden cuts interest rate by 175 basis points to 2%
- New Zealand cuts interest rate by 150 basis points to 5%
- Nomura Holdings to axe up to 1,000 staff in London
- Credit Suisse cuts another 5,300 jobs

### BEFORE THE BELL

U.S. index futures point to a broadly unchanged start on Wall Street today, breaking a two-day rally. European stocks reversed early losses to rally, after Sweden cut interest rates by a record 175 basis points to 2%, followed by the U.K.'s 100 basis points rate cut to 2%, prompting speculation of dramatic cuts elsewhere in Europe to try to stop a global slump spreading faster than policymakers had anticipated. Asian shares fell as more bad news piled up for the global economy. Oil fell below \$46 a barrel to its lowest level in nearly four years, extending four consecutive days of falls. U.S. light crude for January delivery fell \$1.06 to \$45.73 a barrel at 1222 GMT.

### COMPANIES REPORTING EARNINGS

- Comtech Telecommunications Corp. (CMTL).

### WHAT'S NEW AT THOMSON REUTERS

[Reuters News](#) is now available on Thomson ONE.

Access the best fund ratings and assessment information with Lipper Leader and Award Winner data integrated in [InvestmentView](#).

Visit [www.thomsonreuters.com](http://www.thomsonreuters.com) to get the latest information about Thomson Reuters products and services.

#### Never miss your Company's Announcement again....

On Thomson ONE, you're one click away from current Quarter's Earnings Estimate, and Announcement Date. Here's how:

1. Under Flex Monitor, click on the Layout Drop Down.
2. Select Earnings Layout.

[Share this Morning News Call with a friend.](#)

### INSIGHT

**Detroit demise would hit, not help, Asian rivals**

Asia's top automakers would not welcome the collapse of one or even all of their three big Detroit rivals, though the likes of Toyota Motor Corp., Honda Motor Co. Ltd., and Hyundai Motor Co. would expect to gain sales in the long term. Industry executives and analysts say the immediate carnage from a bankruptcy of General Motors Corp., Ford Motor Co., or Chrysler LLC would spread

Expected to report Q1 earnings of 46 cents a share.

- **Cascade Corp.** (CAE). Expected to report Q3 earnings of 85 cents a share.
- **Culp Inc.** (CFI). Expected to report Q2 earnings of 8 cents a share.
- **Gerber Scientific Inc.** (GRB). Expected to report Q2 earnings of 12 cents a share.
- **Guess Inc.** (GES). Expected to report Q3 earnings of 63 cents a share.
- **Liquidity Services Inc.** (LQDT). Expected to report Q4 earnings of 13 cents a share.
- **Magma Design Automation Inc.** (LAVA). Expected to report Q2 loss of 19 cents a share.
- **Novell Inc.** (NOVL). Expected to report Q4 earnings of 6 cents a share.
- **Quanex Building Products Corp.** (NX). Expected to report Q4 earnings of 32 cents a share.
- **SoftBrands Inc.** (SBN). Expected to report Q4 earnings of 1 cent a share.
- **Ulta Salon Cosmetics & Fragrance Inc.** (ULTA). Expected to report Q3 earnings of 9 cents a share.
- **UTi Worldwide Inc.** (UTIW). Expected to report Q3 earnings of 35 cents a share.
- **Wind River Systems Inc.** (WIND). Expected to report Q3 earnings of 9 cents a share.

#### STOCKS TO WATCH THIS MORNING

- **Aeropostale Inc.** (ARO). The New York-based casual apparel and accessories retailer posted an 18 percent rise in net income late Wednesday, beating Wall Street's forecast by a penny, but the teen retailer gave a disappointing outlook for the holiday quarter and its shares fell.
- **AeroVironment Inc.** (AVAV). The Monrovia, CA-based company, which designs small unmanned aircraft systems, on Wednesday posted second-quarter earnings of 41 cents a share, on revenue of \$65.8 million. Analysts on average, were expecting the company to earn 27 cents a share, on revenue of \$63.9 million. The company expects 2009 revenue to rise 20% to 25%.
- **Citigroup Inc. (C)**. The New York-based diversified bank's top executives and Robert Rubin, a director and senior counselor at the firm, are ready to forgo their bonuses this year as the bank reels from the effects of the financial crisis, the Financial Times reported.
- **Costco Wholesale Corp.** (COST). The Issaquah, WA-based discount retailer said today its November sales fell 3 percent to \$5.55 billion, while same-sales fell by 5 percent.
- **Credit Suisse Group AG.** (CS). The Swiss bank said today it was cutting another 5,300 jobs, as it revealed it made a net loss of about 3 billion Swiss francs in October and November.
- **Diamond Foods Inc.** (DMND). The Stockton, CA-based nuts and snacks seller late Wednesday posted a first-quarter earnings that narrowly beat market estimates,

throughout an industry that is bleeding cash in a global slowdown. "If all the Big Three were to fail, the consequences of that are beyond imagination. I think it would upset the very foundation of the U.S. economy," Suzuki Motor Corp. CEO Osamu Suzuki warned last week. GM, Ford and Chrysler have urged Congress this week to authorize \$34 billion in loans and credit lines, saying they will restructure, and cut models, jobs and executive pay to remain viable. Suzuki's peers agree, maybe reluctantly, that a multi-billion dollar U.S. bailout is inevitable. "From a business standpoint it would be unfair," Honda Executive Vice President Koichi Kondo told Reuters. "But if the Big Three filed for Chapter 11, that would hurt us badly." A bankruptcy filing would disrupt every aspect of the automaking industry. Dealers selling cars for multiple brands would go under; if all the Big Three lost their U.S. operations, nearly 3 million jobs would be lost in the first year, U.S.-based Center of Automotive Research estimates, devastating already frail consumer sentiment. GM's failure alone would mean the more than \$200 billion in interest-bearing debt at the carmaker and its GMAC financing arm could be worthless for countless retirees and taxpayers, further upsetting consumption patterns. Perhaps the most damaging scenario would be the domino effect on a complex web of a multi-tiered supply chain. "The exact consequences are difficult to model, but simplistically, we'd assume the financial impact on suppliers would force many into Chapter 11, and for a period of time they would be unable to produce components for non-Detroit companies," Bernstein Research's Max Warburton wrote in a report. Analysts estimate that up to 90% of U.S. auto suppliers supply multiple customers, meaning a shutdown carries a risk of disrupting production also at European and Korean automakers such as Volkswagen AG, BMW, Daimler AG and Hyundai.

-- *Chang-Ran Kim, Thomson Reuters.*

#### NEWS ACCESS MADE EASY

*Front Page U.S.* provides the latest headlines and links to full stories, sector coverage, **Market Pulse** and **IFR Markets** commentary.

- To access Front Page U.S.:
1. Open Thomson ONE
  2. Click News tab
  3. Click Front Page News.

boosted by brisk sales of its snack and culinary items, but forecast second-quarter results below estimates.

- **eBay Inc.** (EBAY). A group of major discounters, including the San Jose, CA-based online retailer and Costco Wholesale Corp. (COST) is expected today to call for new laws blocking manufacturers from setting minimum prices on everything from flat-screen TVs to power drills, the Wall Street Journal said.

- **General Motors Corp.** (GM). The troubled U.S. automaker and Chrysler LLC are considering accepting a pre-arranged bankruptcy as the last-resort price of getting a multi billion dollar government bailout, Bloomberg reported, citing a person familiar with internal discussions. GM's subsidiary Saab Automobile is examining options to secure external financing for development projects, a spokesman for the Swedish car maker said today.

- **Goldman Sachs Group Inc.** (GS). The New York, NY-based financial services company said today it has rejected an offer from Panasonic Corp. (PC) to buy its shares in Sanyo Electric Co. Ltd. because it believes the offer price is too low.

- **Hewlett-Packard Co.** (HPQ) The Palo Alto, CA-based personal computer maker, said today it is exploring new ways to help businesses afford PCs as many cut back on spending in the current economic downturn. These measures include leasing computers to firms that may be otherwise unwilling to buy new systems, said See Chin Teik, who heads the company's personal systems division in Asia.

- **Honda Motor Co.** (HMC). The Japanese car maker said today it expects the U.S. car market to fall by 5% next year and it could cut output further in the latest sign that deepening economic woes have made sales forecasts a moving target.

- **IBM Corp.** (IBM). The Armonk NY-based IT company has created a "Microsoft-free" virtual desktop -- a complete suite of applications that run on a backroom server and don't require Microsoft software or costly desktop hardware, Wall Street Journal reported today.

- **Intersil Corp.** (ISIL). The Milpitas, CA-based chipmaker cut its fourth-quarter outlook, citing a weak economy, and said its Chief Financial Officer David Zinser has resigned to pursue other opportunities.

- **Jackson Hewitt Tax Service Inc.** (JTX). The U.S. tax preparer today posted a wider adjusted loss for the second quarter, hurt in part by an increase in interest expenses related to stock repurchases and acquisition of more stores.

- **Layne Christensen Co.** (LAYN). The Mission Woods, KS-based drilling and construction services provider today posted a third-quarter earnings of 63 cents a share, on revenue of \$264.5 million. Analysts were expecting the company to earn 66 cents a share, on revenue of \$265.7 million, according to Reuters Estimates.

- **Nippon Oil Corp.** (NPOIY). The Japanese refiner is merging with Nippon Mining Holdings Inc in a move to cut capacity and costs as a global slowdown hits demand for

Refer to [Key Codes](#) for help in accessing our exclusive news and analysis.

For more on Thomson Financial News, or to launch a Co-branded Morning News Call from your firm, contact:  
[Jeffrey M. Otten](#)  
Vice President  
Thomson Reuters

For questions or comments about this Report, contact:  
[Chandra Ramarathnam](#)  
Thomson Reuters

[Forward](#) this link to suggest the Morning News Call to a colleague.

For more information about Thomson Financial's Wealth Management solutions, contact [Darlene Vignola](#) at 646-822-2363.

oil products, the companies said today.

- **Nomura Holdings Inc.** (NMR). The Japanese brokerage house said today it would axe up to 1,000 staff in London in its first big job cuts since it bought parts of failed Lehman Brothers, adding to a wave of lay-offs in the global financial industry.
- **Sanderson Farms Inc.** (SAFM). The Laurel, MS-based poultry processing company posted a quarterly loss today, citing low prices for its chicken and high feed costs.
- **Stryker Corp.** (SYK). The Kalamazoo, MI-based medical device maker said late Wednesday its board of directors has approved an annual dividend that is more than 20 percent higher than the year-earlier annual dividend.
- **Synopsys Inc.** (SNPS). The Mountain View, CA-based electronic design automation (EDA) software maker late Wednesday posted a better-than-expected fourth quarter earnings and expects first-quarter earnings to be in line with estimates.
- **UAL Corp.** (UUA). The Chicago, IL-based parent of United Airlines, late Wednesday said it would lay off almost 1,200 workers as part of a previously announced plan to trim staff by 7,000 jobs.
- **Williams-Sonoma Inc.** (WSM). The San Francisco, CA-based retailer today reported a loss of 10 cents a share, on revenue of \$752.1 million. Analysts were expecting the company to post a loss of 11 cents a share, on revenue of \$753.7 million. For the fourth-quarter the company expects a revenue of \$940 million to \$1 billion.
- **Yahoo Inc.** (YHOO). Billionaire Carl Icahn opposes selling part of the Sunnyvale, CA-based internet firm to former AOL Chief Executive Jonathan Miller or anyone else because it is undervalued, he told CNBC on Wednesday.

#### **ECONOMIC CALENDAR**

**08:30:** Initial Jobless claims for the w/e Nov. 29 Prior 529,000 Expected 537,000

**10:00:** Factory Orders for Oct. Prior -2.5% Expected -4.0%

**11:15:** US-Fed's Bernanke on 'Housing and Housing Finance' before the Presidents' Conference

-- : ICSC monthly chain for Nov. Prior -0.9%

#### **CORPORATE EVENTS**

**07:45:** Starbucks Corp. (SBUX) 2008 biennial analyst conference call

**08:00:** Merck & Co Inc. (MRK) guidance announcement

**08:30:** Prudential Financial Inc. (PRU) New York investor day.

**09:00:** Smithfield Foods Inc. (SFD) Q2 2009 earnings conference call

**09:00:** Sirona Dental Systems Inc. (SIRO) Q4 2008 earnings conference call

**09:00:** athenahealth Inc. (ATHN) first annual investor summit

**09:00:** Nu Skin Enterprises Inc. (NUS) annual investor day  
**10:00:** NCR Corp. (NCR) analyst meeting  
**10:00:** Safeway Inc. (SWY) investor conference.  
**10:00:** Claire's Stores Inc. (CLE) Q3 2009 earnings conference call  
**10:00:** Movado Group Inc. (MOV) Q3 2009 earnings conference call  
**10:00:** ARGON ST Inc. (STST) Q4 2008 earnings conference call  
**10:00:** Williams-Sonoma Inc. (WSM) Q3 2008 earnings conference call  
**10:30:** Casey's General Stores Inc. (CASY) Q2 2009 earnings conference call  
**11:00:** Copart Inc. (CPRT) Q1 2009 earnings conference call  
**11:00:** Financial Federal Corp. (FIF) Q1 2009 earnings conference call  
**11:00:** Jos A Bank Clothiers Inc. (JOSB) Q3 2008 earnings conference call  
**11:00:** Layne Christensen Co. (LAYN)  
**11:00:** Sanderson Farms Inc. (SAFM) Q4 2008 earnings conference call  
**11:00:** UTi Worldwide Inc. (UTIW) Q3 2009 earnings conference call  
**12:15:** FirstMerit Corp. (FMER) management - analyst presentation  
**12:30:** OSI Pharmaceuticals Inc. (OSIP) analyst day  
**16:30:** Guess? Inc. (GES) Q3 2009 earnings conference call  
**17:00:** Cascade Corp. (CAE) Q3 2009 earnings conference call  
**17:00:** Novell Inc. (NOVL) Q4 2008 earnings conference call  
**17:00:** Ulta Salon Cosmetics & Fragrance Inc. (ULTA) Q3 2008 earnings conference call  
**17:00:** Wind River Systems Inc. (WIND) Q3 2009 earnings conference call

#### **EX-DIVIDENDS**

- **American Woodmark Corp.** (AMWD). Amount: \$0.09.
- **American Axle & Manufacturing Holdings** (AXL). Amount: \$0.02.
- **Brown-Forman Corp.** (BFB). Amount: \$0.2875.
- **Burham Holdings Inc.** (BURCA). Amount: \$1.5.
- **BV Financial Inc.** (BVFL). Amount: \$0.05.
- **Capital City Bank Group** (CCBG). Amount: \$0.19.
- **Furr's/Bishop's** (CHI). Amount: \$0.095.
- **Cousins Properties Inc.** (CUZ). Amount: \$0.25.
- **D.R. Horton Inc.** (DHI). Amount: \$0.0375.
- **Entergy Ark Inc.** (EGRKN). Amount: \$1.08.
- **Espey Manufacturing & Electronics** (ESP). Amount: \$1.725.
- **EnSCO International Inc.** (ESV). Amount: \$0.025.
- **Entergy New Orleans Inc.** (EYNOP). Amount: \$1.09.
- **Ferrellgas Partners LP** (FGP). Amount: \$0.5.
- **Home City Financial** (HCFL). Amount: \$0.06.

- **LE Saunda Holdings Ltd.** (LESAF). Amount: \$0.03.
- **First Republic Bank** (MER). Amount: \$0.3906.
- **Nike Inc.** (NKE). Amount: \$0.25.
- **Orange County Bancorp Inc.** (OCBI). Amount: \$0.33.
- **PSEG** (PEG). Amount: \$0.3225.
- **Public Service Enterprise Group Inc.** (PEG). Amount: \$1.02.
- **Pittsburgh & West Virginia Railroad** (PW). Amount: \$0.13.
- **Todd Shipyards Corp.** (TOD). Amount: \$0.05.

THOMSON REUTERS

[www.thomsonreuters.com](http://www.thomsonreuters.com)