

# Airbus Revamps Commercial Airliner

Move aimed to counter rival Boeing and appease disgruntled customers



Leon Neal/AFP/Getty Images

**NEW PLANE:** Christian Streiff, the recently-appointed CEO of Airbus, poses with a model of the newly-redesigned Airbus A350 at the Farnborough International Airshow in Farnborough, England.

FARNBOROUGH (Reuters)—Crisis-hit planemaker Airbus has announced a radical revamp of its mooted A350 model, setting out a \$10 billion plan for three versions instead of two and tossing out a fuselage design it has relied on for decades.

Airbus, battered in new order sales by archrival Boeing Co. this year, said it was responding to demands from would-be A350 buyers who urged an all-new design, not the upgrade of an existing model it first offered.

“What’s new? Virtually everything,” top Airbus sales executive John Leahy told reporters at the Farnborough International Airshow which opened

near London on Monday.

The France-based company said the design was now set and would carry a new name—the A350 XWB for “extra wide body”.

The A350 XWB will come in three versions—the -800, -900 and -1000, and is designed as a response to the hot-selling Boeing 787 due in 2008 as well as the current 777.

The A350 XWB, which will debut in mid-2012, will be three inches wider than the 787 yet 13 inches narrower than the 777.

The world’s largest plane leasing firm International Lease Finance Corp (ILFC) told Reuters it was happy with

the revamp and would not cancel its existing orders for 16 planes.

Airbus, 80-percent-owned by European aerospace group EADS, is grappling for a response to the fast-selling Boeing models and has spent two years trying to get the A350 concept right.

Combined with wiring complications that will delay deliveries of the new A380 superjumbo for years, the planemaker is in crisis.

“Airbus is in the middle of a severe crisis in its relations with its customers,” new Chief Executive Christian Streiff told reporters.

Streiff said he wanted three months

to prepare for formal industrial launch of the new A350 project.

“What is needed now in this critical situation is not to be hasty but to act quickly,” he told the year’s biggest air show.

He also announced a full review of the supply chain for the A380.

## Boeing Ahead

Leahy said the A350 would offer cheaper operating costs than the Boeing 787 or larger 777.

He said Airbus had tossed out plans to base the plane on the same fuselage it has used since the 1970s and which is the basis of its current A330 and A340 models.

At the same time, he expressed confidence the plane would not cannibalize Airbus’ backlog of twin-engined Airbus A330 or four-engined A340 planes worth over \$30 billion.

The twin-engined Boeing 777 out-sold the A340 at a rate of 10-to-1 last year as high fuel prices prompted airlines to buy the thrifter plane.

“We are quite comfortable we have a market for the A340 for the next 10 years,” Leahy said.

Leahy said the new plane would enter service in mid-2012, with the third and last variant due in 2014 or 2015.

Airbus has booked more orders than Boeing for five consecutive years but that streak is at risk, with the U.S. planemaker leading this year by more than 360 planes.

# Summer Blockbusters Fuel Mattel Toy Sales

NEW YORK (Reuters)—Mattel Inc., the No. 1 U.S. toy maker, reported a higher-than-expected quarterly profit, driven by price increases and strong sales of its toys for summer movies “Cars” and “Superman Returns”.

The El Segundo, California-based company, which has been trying to bolster sales of its Barbie doll amid stiff competition from MGA Entertainment’s Bratz dolls, said U.S. Barbie sales rose 2 percent, the second consecutive quarterly increase.

“It’s obviously much too early to declare victory, but I’m encouraged by this positive trend in Barbie,” Chief Executive Robert Eckert said on a conference call with analysts.

Mattel, also known for its Fisher-Price toys and Hot Wheels cars, reported second-quarter net income of \$37.4 million, or 10 cents per share,

compared with a year-earlier loss of \$94 million, or 23 cents per share.

The results included a tax benefit in the latest quarter and tax expenses in the year-earlier period.

Revenue rose 8 percent to \$957.7 million, surpassing analysts’ expectations of \$922.95 million.

To help offset rising raw material and transportation costs, Mattel raised prices roughly 2 percent to 4 percent across its U.S. product line in April.

With commodity costs continuing to rise and the price of oil—a key component of plastic—hovering near record highs, the toymaker said it may consider more price increases for 2007.

“If commodities stay up where they are, our prices are going to have to reflect that,” Eckert said when asked on the call if Mattel would raise prices next year.

## Cars, Superman to the Rescue

Mattel said worldwide gross sales in its entertainment business jumped 38 percent, boosted by its “Cars” and “Superman” toys, like the battery-operated inflatable Superman suit and radio-controlled vehicles for the Disney/Pixar movie “Cars”.

The toymaker also reported gains in its infant and preschool Fisher-Price business, with sales rising 8 percent to \$365.7 million. Sales of its American Girl brand rose 5 percent to \$61.6 million.

Although gross worldwide sales of Barbie fell 1 percent, U.S. Barbie sales rose 2 percent. That was a positive trend for Mattel, which said U.S. Barbie sales had risen 1 percent in the first quarter after falling 18 percent in the fourth quarter.

Citigroup analyst Elizabeth Osur,

who reiterated her “hold” rating on Mattel shares, said she was maintaining a “cautious stance” on the toy maker despite the rise in U.S. Barbie sales.

“We caution against reading too much into off-season results,” she wrote in a note. “Most new Barbie product will not enter stores until late summer/early fall and much of the (second-quarter) strength was hit-movie related (and thus likely short-lived).”

Mattel has put a new management team in place to try to reinvigorate Barbie sales. While the company has made “tweaks” to the brand for 2006, more extensive changes will not come until 2007.

“The Barbie line has done ... reasonably well so far this year in the U.S.,” Eckert said. “I feel better about where we are on Barbie today than I have in some time.”

# Almost 30 Percent of Firms Manipulated Options, Says Study

NEW YORK (Reuters)—Almost 30 percent of companies under review manipulated stock option grants to top executives at some point in the past decade, according to a new study by two finance professors behind some of the research that has led to regulatory investigations.

Although more than 50 companies are under investigation by the U.S. Securities and Exchange Commission (SEC), a number that is growing, one of the professors, Erik Lie of the University of Iowa, said few companies will be caught for back-

dating option grants.

“I believe that only a minority of firms that have engaged in backdating of option grants will be caught,” Lie said in a statement on his personal Web site. “In other words, we will never see the full iceberg.”

This is because backdating is hard to identify, said Lie, the author or co-author of several key academic studies that helped expose the questionable timing of many options.

But Lie said resources would probably be put in place to improve the disclosure requirements for option

grants and enforce existing regulations.

The study, co-authored by Indiana University’s Randall Heron, estimated that 29.2 percent of the companies studied manipulated grants to top executives at some point between 1996 and 2005.

Backdating was more prevalent before the SEC in August 2002 tightened regulations and required executives to report stock option grants within two business days of receiving them, the professors said in the study dated last Friday.

Backdating refers to a grant date that is set retroactively to precede a rally in a company’s stock’s price, locking in a risk-free gain for the option holder.

An estimated 18.9 percent of unscheduled option grants exercisable at the market price to top executives from 1996 to 2005 were backdated or otherwise manipulated, they said.

For the minority of grants that are not filed within the two-day window, the number that are backdated remains as high as 19.9 percent, the study found. A higher frequency of backdating was found among firms that were technology-related, small or had high stock price volatility, it said.

The incidence of backdating was more than halved as a result of the

Yahoo! FINANCE Sign In New User? Sign Up

Monday, July 17, 2006

Home Investing News & Commentary Retirement & Planning Banking & Credit Loans Taxes My Port

Get Quotes GO Symbol Lookup Finance Search

New -> Yahoo! Finance business news video. Watch now.

Market Summary (Get)

Number: 17-313 31:30 (C/Chart)

2000 2050 2000 2050 2000 2050

Top Financial News

Dow, Nasdaq Advance in Light Trading

AP - Stocks edged higher in light trading Monday as Wall Street weighed the situation in the Middle East and a disappointing earnings report from Citigroup, the latest in a string of unimpressive corporate results.

- Oil Prices Drop Amid Mideast Violence AP
- Citigroup Profit Up, but Below Forecast AP
- Northeast Flight Attendance in Deal AP
- McDonald's Plans to Beat Profit Outlook AP
- Market Overview: Mon 2:30 PM ET Trading.com

More Top Stories...

Special Edition

Best Places to Live 2006

MONEY Magazine set out to find small livable cities that had the best possible blend of good jobs, low crime, quality schools, plenty

Frank Yu/The Epoch Times

**NEW FEATURES:** A screenshot of the Yahoo! Finance Web site. Yahoo Inc. has recently upgraded its financial research and information site with new stock charts, investor chat rooms and a host of new features.

# Yahoo Finance Web Site Gets Upgrade

SAN FRANCISCO (Reuters)—Yahoo Inc. earlier this week unveiled an upgraded version of its top-ranked financial information site that features new stock charting tools, improved investor chat rooms and financial video news.

In a bid to expand the audience for its investor tools, Yahoo Finance also plans to allow other Web sites to embed stock charts, quotes and financial news headlines from Yahoo, free of charge, on other sites using a small amount of code.

“Yahoo Finance is introducing this feature, but before long you will see this coming from other parts of Yahoo,” said Yahoo Finance General Manager Peggy White of plans to allow other Web sites to serve up Yahoo entertainment, sports or news items.

Finance.yahoo.com attracts 33 percent of the U.S. online finance market, or a nearly three times bigger audience than its closest rival, MSN MoneyCentral, with a 13 percent share, according to data from Web measurement firm Hitwise.

In part, the upgrade of Yahoo Finance is a response to the introduction four months ago by rival Google Inc. of a competing financial information site, analysts say.

But Google Finance remains a bare-bones financial information site focused on basic stock quotes, graphs, corporate news and data, as well as links to blog commentary.

So far, the Google site, which Hitwise ranks 38th among U.S. sites, has attracted only a small following relative to the well-established Yahoo Finance, which had 108 times more unique visitors in the last week of June.

Initially, the improvements at Yahoo Finance are focused on the main U.S.-centered site at <http://finance.yahoo.com>. International versions of Yahoo Finance will be upgraded over the next six to 12 months, White said.

## Investor Chat Room Revival?

The upgrade of Yahoo Finance is a work in progress.

White said Yahoo is working to upgrade over the next 60 days its stock quote pages, which serve as the starting-point for many investors in individual stocks. Financial blogs will be added shortly as well, perhaps filtered by a third party.

By offering a new reputation system that allows readers to rate the value of postings on its stock message boards, Yahoo has recently begun seeking to breathe life into the decade-old stock chat room phenomenon.

Investor message boards long ago degenerated into a mosh pit of harsh invective and uncorroborated rumor traded between bullish and bearish advocates of specific stocks. Yahoo now offers users the ability to rate individual messages according to a five-star system, then filter out lower-rated postings.

The structure of stock message boards will provide “threaded” conversations around specific topics tied to a stock, rather than serial discussions that simply list investor messages on different topics in reverse chronological order.

The new Yahoo Finance stock charts, now in public test mode, offer investors a one-click way to compare the performance of a stock to competing companies or indexes.

The full-screen charting application gives users free access to historical stock price data reaching back decades, in an easy-to-use format that provides a “drag-and-drop” ability to switch from a daily timeframe to years of stock chart history.

For more sophisticated investors, Yahoo has integrated a variety of technical analysis tools that provide buy and sell signals. For novice investors, Yahoo Finance provides educational information about how to use tools on the site.

Seeking to capitalize on the growing appetite for video information, Yahoo Finance also will begin integrating video news from ABC.com, CNN.com, Forbes.com and SmartMoney into the site, with other sources to be added shortly, White said.

two-day filing requirement, but it still remains high for grants that are filed late. The auditor seems to play a role as smaller accounting firms were associated with a larger proportion of late filings and unscheduled grants, a likely sign of backdating and manipulative practices, the study said.

## SAY NO TO FORCED LABOR

If you are working against your will, you could get help or receive legal protection, regardless of your immigration status.

For more information, call 201-653-2888 extension 105

### Common threats from the employer:

- Alerting authorities if the worker has no legal documents
- Harming the family of the worker in their country of origin
- Not paying the worker the wage promised or demanding payment of a debt that is impossible to meet

## Get1800.com

Your Personal Toll Free Service

3.9¢/min

- Flat Rate
- No Setup Fee
- No Contract
- Instant Activation
- True 800 and 888 Toll Free Number
- Real-Time Calling Records
- Current Toll Free Number Transfer

Call Now! 1-877-GET-1800