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**SFX Entertainment Enters Sponsorship Deal With Anheuser-Busch InBev**

By BEN SISARIO
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As electronic dance music festivals grow in popularity, they are attracting affluent new participants: corporate sponsors.

SFX Entertainment, a dance-focused new company founded by the media mogul Robert F.X. Sillerman, announced on Monday that it had struck a global marketing partnership with Anheuser-Busch InBev, whose brands also sponsor mainstream events like the Super Bowl and Major League Baseball games.

Terms of the deal were not disclosed. Benjamin E. Mogil, an analyst at Stifel Nicolaus in Toronto, estimated that Anheuser-Busch's sponsorship could be worth as much as $25 million next year and $35 million in 2015, as SFX's events grow. SFX's festivals include Tomorrowland in Europe and TomorrowWorld and Electric Zoo in the United States.

The news follows an announcement last week by Live Nation Entertainment, the world's largest concert promoter and an SFX rival, that it had made a deal with Motorola. As part of that deal, Live Nation's dance festivals will include a six-story LED tower from Motorola and the Moto X Kandi Shop, where revelers can design their own bracelets.

Such deals are common at major music festivals, but mainstream sponsors have been tentative about supporting dance events, which have never shaken a long association with mass drug use. This year at least half a dozen young people died at festivals from drugs like MDMA, or ecstasy, including two people at Electric Zoo in New York City in September.

The recent deals with SFX and Live Nation may signal that big sponsors are willing to enter the dance business. Music and sponsorship executives say many more such deals are expected in 2014 as the dance world grows.

But for marketers, the demographic of the young fans of star disc jockeys like Skrillex, Deadmau5 and Tiesto is hard to ignore. The IEG Sponsorship Report, a trade publication, said $1.24 billion in sponsorship money had been spent on music events this year. Another study estimated the global dance market, including recordings, concerts and brand sponsorships, as worth $4.5 billion a year.

SFX's stock closed at $11.02 on Monday, up 1.6 percent.

Since its initial public offering in October, SFX has closed a string of deals, including the acquisition of the Rock in Rio festival in Brazil. SFX has made clear that its business depends to a large degree on its success in attracting sponsors.

SFX, Live Nation and others also have a challenge in finding ways to integrate corporate marketers into dance events, which historically have been resistant to commercialization.

In an interview, Mr. Sillerman said that ''the ability to authentically attract the attention and affection of the millennial audience'' would lead SFX to strike more corporate sponsorship deals than his competition.

SFX Entertainment's TomorrowWorld music festival in September in Chattahoochee Hills, Ga. (PHOTOGRAPH BY CHRISTOPHER POLK/GETTY IMAGES)

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**Swatch Wins Case Against Tiffany Over Failed Partnership**

By RAPHAEL MINDER
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MADRID -- The Swatch Group, the world's largest watchmaker, said on Monday that it welcomed an arbitration ruling ordering Tiffany to pay the equivalent of $449.5 million in damages to the Swiss company for a failed watch partnership.

The decision by the Dutch arbitration panel in recent days exceeds Tiffany's earnings for last year.

In 2007, Swatch and Tiffany announced what they called a historic alliance to jointly develop and sell Tiffany-branded watches. But the alliance stalled and was eventually broken off acrimoniously in 2011.

Swatch then took the issue to arbitration in the Netherlands, claiming that Tiffany had breached the terms of their contract by delaying the introduction of their joint products. Tiffany filed a counterclaim, blaming Swatch for not getting the watches onto the shelves of other retailers.

Nick Hayek, the chief executive of Swatch, said he welcomed the penalty as ''a fair amount,'' even if Swatch had initially sought 3.8 billion Swiss francs, or $4.2 billion, in damages, arguing that the penalty should cover the duration of the planned partnership, which was for at least 20 years. He said the arbitration panel had seen that this was ''a problem of a partner that has apparently misled us from the beginning.'' Mr. Hayek added: ''We had a partner who said that his priority was watches, and after signing a contract, you see that his priority is everything but watches.''

Tiffany, in a statement released on Sunday, said it was ''shocked and extremely disappointed'' by the arbitration panel's decision and would review its legal options. ''We firmly believe the panel's ruling is not supported by the facts of this case,'' said Michael J. Kowalski, Tiffany's chairman and chief executive.

Tiffany was also ordered to pay two-thirds of the cost of the arbitration, or $800,000, as well as two-thirds of the legal fees incurred by Swatch, amounting to $8.8 million. Tiffany was also told to pay interest on the penalty, at a rate of about 3 percent and for a period starting in June of last year.

As a result of the ruling, Tiffany said it would take a fourth-quarter charge of $295 million to $305 million, which would reduce earnings for the current financial year by $2.30 to $2.35 per diluted share. Tiffany had forecast earnings per share of $3.65 to $3.75 for the year to January.

''I want to assure you that we do have sufficient financial resources to pay the full amount,'' Mr. Kowalski said in the statement. Despite the heavy impact on earnings, ''we do not believe that the award will impact our ability to realize our existing business plans in the short or long term,'' he added.

Mr. Hayek said that he still considered the failed partnership with Tiffany to be ''a missed opportunity,'' but acknowledged that it had played a part in Swatch's decision to buy Harry Winston, a purchase Mr. Hayek described as ''the dream of filling what was missing in our company.'' The other two luxury groups that dominate the watch sector, Richemont and LVMH Moët Hennessy Louis Vuitton, already have a strong presence in jewelry. Richemont owns Cartier, while LVMH acquired Bulgari, the Italian jeweler, in 2011.

''It is not because of this blockage that we took over Harry Winston,'' Mr. Hayek said, ''but if there are issues and problems, we seek quick reactions somewhere else.''

Mr. Hayek said in a telephone interview that the payment from Tiffany amounted to about half of the cost of buying Harry Winston. Last year, Swatch purchased the jeweler for roughly $750 million in cash and the assumption of $250 million in debt, the largest acquisition in its history.

Swatch ''has everything to grow more than 10 percent'' in sales next year, Mr. Hayek said. For 2013, he said the group would outperform the Swiss watch industry as a whole, whose exports have risen 1.7 percent in the 11 months to November, compared with the period last year. For 2013 sales as a whole, ''we hope to be a bit closer to 10 than to 5 percent,'' Mr. Hayek said.

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# Empty Shelves Signal Revival in Game Consoles

By NICK WINGFIELD
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English


It might take a miracle from the North Pole for video game fans to get their wish this season.

New game consoles from Sony and Microsoft are sold out in many stores, with Sony's less expensive PlayStation 4 proving to be especially difficult for shoppers to find. The PlayStation 4 and Xbox One had stronger sales during their first two weeks on the market -- more than two million each -- than any previous game console, according to DFC Intelligence, a game research firm in San Diego.

Those strong sales are the latest and strongest evidence yet that the console business appears to be turning into a two-horse race, with Sony and Microsoft jockeying for the lead and Nintendo eventually falling to a distant third. Nintendo's Wii U has had meager sales since it was introduced last year, putting the company on its heels.

An overall surge in console sales was widely expected.

Pent-up demand for the new Sony and Microsoft systems swelled among gamers, who were buoyed by the promise of more powerful hardware that could produce better game graphics and effects. But seeing the machines fly off the shelves has still cheered an industry that has slumped in recent years, as consoles aged and cheaper games on smartphones and tablets became more compelling.

Jonathan Sandler, a spokesman for the electronics chain Best Buy, said the Sony and Microsoft consoles had been hard to find in its stores at different times since they went on sale in November.

The retailer said it had ''limited quantities'' of PlayStation 4s for sale on Sunday, while the Xbox One was available in Best Buy stores and on its website.

''We're completely sold out,'' Chad Taylor, a product manager at Abt Electronics, a large electronics store in Glenview, Ill., said of the new Sony and Microsoft consoles. ''As fast as they get here, they go out. We get phone calls nonstop.''

Nathaniel Rosario, a tech support analyst at Verizon Wireless in Rochester, is one of the many frustrated gamers who took to Twitter to vent his frustration over his inability to find a PlayStation 4. He said he could not find the system at Best Buy or other stores and refused to pay the huge markups people were asking on Craigslist for the console.

''I still can't find one, so I was thinking I might just have to wait a month or two,'' Mr. Rosario, 25, said in an email exchange. ''Should have preordered.''

Consoles are almost always scarce when they are first released, in part because of production constraints.

The real test of the staying power of the new products will come next year.

But the sales of the Wii U have been weak this year. Barring an unexpected reversal in the momentum of its rivals and a change in sentiment about its own product, Nintendo looks as if it will become increasingly marginal in the console market.

''It has been really amazing how disappointing it has been,'' David Cole, an analyst at DFC Intelligence, said of the reception to the Wii U.

The surprise of the industry over Nintendo's situation stems partly from the company's sensational winning streak in the mid-2000s, when its Nintendo DS hand-held system and Wii console became enormous hits through clever product designs that made them appealing to a broad audience.

Sales of those products faded, though, as games on mobile tablets and smartphones began to take off later in the decade and more powerful consoles from Microsoft and Sony picked up steam.

The Wii U, which comes with a touch-screen controller, did not provide Nintendo with a much hoped-for revival.

Unit sales of the Wii U were up 340 percent in the United States in November compared with October, according to the NPD Group, a market research firm. To get that bump, though, Nintendo had to cut the price on the system much earlier than it did for the Wii. And even after the bump, unit sales of the system remain low relative to the competition's, according to analysts.

Michael Pachter, an analyst at Wedbush Securities, predicted that Nintendo would have about 10 percent of the console market with the Wii U, down from about 40 percent with the Wii. Sony and Microsoft, he said, would each take a bigger share than they did with the last generation of hardware.

In a recent interview, Reggie Fils-Aime, the president of Nintendo's United States division, said he expected sales of the Wii U to improve as better games for the device went on sale.

''Our business is doing just fine, thank you very much, despite the competitive launches,'' he said.

Nintendo has hit creative ruts before. More than a decade ago, it looked as if it was hurtling toward irrelevance when its GameCube console fizzled. But Nintendo, which began making card games in Japan in the late 19th century, innovated its way out of that predicament with the Wii, and game industry executives believe it can do so again.

''They clearly need to take a real hard look at themselves and what they did,'' said Mr. Cole of DFC Intelligence.

Andrew Ross Sorkin, whose column normally appears on this page, is off.

Not all will be happy on Christmas. Xbox One, left, and PlayStation 4 remain sold out in many stores. (PHOTOGRAPH BY NAM Y. HUH/ASSOCIATED PRESS)

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The New York Times

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**Chocolate Prices Soar as Appetites Get Bigger**

By DAVID JOLLY
1,059 words
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The International New York Times
English


GENEVA -- Chocolaterie Pascoët, a small ''laboratoire,'' or factory, in the Carouge district here, was a hive of activity on a recent morning. The team was scrambling to fill the last orders for Christmas.

A handful of chocolatiers quietly turned out fine pralines, the small squares moving over a conveyor belt to be coated with warm, dark chocolate. Other workers carefully packaged the morning's output: fine Swiss chocolates that would be sold at a premium price: 29 Swiss francs, or $32, for a box of 20.

Because of poor yields lately in producer countries like Ivory Coast, and a trend toward chocolate with a higher cocoa content, the global supply of cocoa has not kept up with demand. Chocolate prices in some markets are 40 percent or more higher than this time last year.

Not that the market for premium Swiss chocolate is particularly price sensitive.

Most of the chocolates produced this season by Chocolaterie Pascoët will end up in the company's three small shops in Geneva or the one in Morocco, or be sold to an elite clientele, including customers as far away as Dallas and Tokyo. Nearly 40 percent will be packaged in elegant boxes bearing the names of prestigious companies like Rolls-Royce for corporate gifts.

Philippe Pascoët, the chocolatier who runs the business, produces a dazzling variety of flavors, from green-apple caramel and saffron to passion fruit. There is even a cigar-flavored praline he creates by chopping fine Havanas into pieces, infusing them with crème fraiche, and afterward extracting the essential oils.

The cigar-flavored treat is ''a chocolate that should be eaten in its context,'' he said. ''If you had it at the end of a good meal with a strong alcohol -- a Cognac, an Armagnac or a good whiskey -- that would be nice.''

Chocolate confectionery is big business, providing more than 4,000 jobs in Switzerland alone last year and earning 1.6 billion Swiss francs in revenue, nearly half of it in exports, according to industry data. And those figures, which count big producers like Nestlé, do not include artisanal chocolatiers like Mr. Pascoët and scores of others in Geneva, Zurich and other cities.

Worldwide, though, analysts say the supply of chocolate cannot keep pace with people's appetite, because of the cocoa shortage. Betting that prices will continue to rise, investors have been flocking to cocoa futures.

''Production isn't rising, at least not as quickly as demand, so that's a recipe for higher prices,'' said Michaela Kuhl, an analyst at Commerzbank in Frankfurt. The market imbalance has driven cocoa prices up by 40 percent since the lows hit in the spring, she noted.

While there are more factors in chocolate's price than just cocoa, a shift in tastes toward dark chocolate is helping drive the cost increase. According to the International Cocoa Organization, a trade group, cocoa makes up about one-tenth of the average chocolate bar. But dark chocolate is increasingly popular, and some contains more than 80 percent cocoa.

Chocolate prices in the United States, for example, are on track to rise 45 percent from 2012, to about $5.75 a pound, according to a recent report from Euromonitor International, a market research firm. And British consumers are paying 25 percent more this year for chocolate bars than last, Mintel, another research house, estimates.

No shortage is evident 135 kilometers, or 80 miles, northeast of Geneva in the village of Broc, where Nestlé's premium-brand Maison Cailler factory has been humming away ahead of the holidays. Cailler, founded in 1819 but part of Nestlé since 1929, makes its product from scratch on its own premises, starting with raw cacao beans and milk from cows that graze on the Alpine meadows nearby.

Cailler's annual output dwarfs Mr. Pascoët's. It roasts as much as 20 tons of beans a day, more than he sells in finished chocolate each year.

But the two producers, so different in scale, are united by their shared need for cocoa, which comes from mostly poor countries in a narrow band around the equator, led by Ivory Coast, Ghana and Indonesia.

The cocoa shortage stems partly from falling yields in Ivory Coast, where investment has been insufficient and rains unaccommodating. Nestlé, which also makes mass-market chocolate like its Crunch and Kit-Kat bars, is the world's biggest consumer of cocoa, and has to worry more than most about its future supply.

José Lopez, the company's executive vice president for operations, expressed confidence that the market would solve the shortage problem through the mechanics of higher prices, as farmers who might otherwise switch to rubber or palm oil trees step up their cocoa production.

"The right price," he said in an interview, "is the one that encourages people to continue in the activity and encourages their kids to take over from them."

To assure its future supply in countries like Ivory Coast, Nestlé has created an extensive "Cocoa Plan" with its own extension service to teach farmers better crop husbandry skills. It is also distributing hundreds of thousands of high-yielding, disease-resistant cocoa plants at cost.

Keeping supply and demand in balance, even with more investment in producing countries, will take some doing, however. One looming problem may be global warming, which some studies suggest will further reduce production as drier growing seasons reduce yields.

But the biggest challenge may be the evolution of the global market.

The Swiss, along with the Belgians and Icelanders, are the world's leading chocoholics, with annual per capita cocoa consumption of nearly six kilograms, or 13 pounds. The United States is far behind the leaders at about 2.5 kilograms.

While Western chocolate consumption is growing slowly, emerging markets are booming. China's 1.3 billion people, for example, each eat just 44 grams of cocoa each year on average now. But the market is expanding fast, particularly among newly wealthy urban Chinese.

Analysts expect chocolate demand to grow at least 10 percent in China, Brazil and India over the next few years. If chocolate consumption rates in those countries were to begin approaching Western levels, there would not be enough chocolate to go around.

That might make Chocolaterie Pascoët's treats pricier yet.

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DEALBOOK
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**Lucky Brand Apparel Sold to Private Equity Firm for $225 Million**

By MICHAEL J. DE LA MERCED
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10
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Mid- to high-end fashion brands are finding themselves as acquisition targets. In the latest deal, the private equity firm Leonard Green & Partners agreed on Tuesday to buy Lucky Brand Jeans from the Fifth & Pacific Companies, the clothier formerly known as Liz Claiborne, for about $225 million.

The deal comes after several other recent acquisitions for specialty jeans and clothing. This year alone, TowerBrook Capital bought True Religion Apparel for $835 million, while the investment firms that owned Hudson Jeans sold the brand to Joe's Jeans for $98 million.

In a sign of Fifth & Pacific's eagerness to focus on its higher-end, higher-margin brand, the company's chief, William L. McComb, mentioned Lucky only twice in the company's official statement about the sale. Instead, he reserved most of his words for discussing the shareholder value that selling the other brands had created.

''We believe that by focusing all of our resources on the huge opportunity at Kate Spade, we can deliver the strongest value creation opportunity for our shareholders,'' Mr. McComb said. ''This is all about bringing Kate Spade to its full potential.''

In Lucky Brand -- best known for its ''lucky you'' signage sewn into the flies of the jeans -- Leonard Green will be buying a popular midtier brand found on many store shelves. The 23-year-old Lucky is the second biggest-selling brand for Fifth & Pacific, behind only Kate Spade, bringing in $346.4 million in sales for the first nine months of the year.

Leonard Green is well-versed in the clothing trade: The investment firm owns J. Crew alongside TPG Capital.

The transaction also is a significant milestone for Fifth & Pacific. Coupled with an agreement to sell Juicy Couture's intellectual property to Authentic Brands, the divestment of Lucky will make the company a one-brand shop. It will now focus on Kate Spade, which has grown from simple handbags into a lifestyle empire for both women and men.

Under the terms of Tuesday's deal, Leonard Green will pay $140 million in cash upfront. The remainder will be paid for with an $85 million three-year note provided by Fifth & Pacific, which carries about $8 million in interest each year.

Fifth & Pacific agreed to help support Lucky's infrastructure for up to two years while Leonard Green helped the company build out its own back-end services.

The deal is expected to close by the end of March.

Fifth & Pacific was advised by Centerview Partners, Perella Weinberg Partners and the law firm Paul, Weiss, Rifkind, Wharton & Garrison, while Leonard Green was counseled by Latham & Watkins.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECT
**Beats Music Streaming Service Says It Will Begin in January**

By BEN SISARIO
428 words
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The New York Times
NYTF
The New York Times on the Web
English


The music world has spent more than a year guessing when Beats Music, the new service from the makers of Beats by Dr. Dre headphones, would arrive. Now there's an official date, or at least a month: January.

On Wednesday, Ian Rogers, Beats Music's chief executive, posted an announcement to his personal blog saying, ''We are locked and loaded, ready to launch here in the U.S. in January 2014.''

Few details have been announced publicly about the service. But based on its early marketing, Beats Music, a subsidiary company of the headphones maker Beats Electronics, is clearly intending to challenge Spotify as the predominant subscription streaming service. Two weeks ago, Beats Music ran a full-page advertisement in The New York Times (saying ''coming soon,'' and little else), and it is expected to arrive with a blitz of television ads. Aside from Apple, most other digital services have held back from major ad campaigns, preferring to stoke the market through press attention and word of mouth.

Like Spotify, Rdio, Rhapsody and similar services, Beats Music will stream millions of songs to users for a monthly fee. But Beats executives, including Jimmy Iovine, the record mogul who is one of the founders of the Beats headphone company, have made bold claims in the past deriding other services --- even Apple's iTunes -- as being bland and uninviting.

The Beats announcement comes amid a flurry of other news among subscription services. Rdio, which had a round of layoffs last month, announced this week that it has appointed a new chief executive, Anthony Bay, a former digital media executive at Amazon, Microsoft and Apple. Spotify, shortly after raising $250 million in new investment, said it would give artists listening data, a move widely interpreted as an olive branch toward musicians like Thom Yorke and David Byrne who have harshly criticized the company's financial model.

Nokia also recently recast its music service as MixRadio, an ad-free playlist service on the Windows Phone platform that aims to be an even simpler version of Pandora. And bloggers studying the programming code of a YouTube update uncovered a few details about its new music service, expected to arrive early next year.

To reassure any doubters about Beats Music's imminent arrival, Mr. Rogers included in his blog post a YouTube clip of Orson Welles's famous Paul Masson commercial, saying, ''We will sell no wine before its time,'' and wrote: ''Beats Music is real.''

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DEALBOOK
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**A Second Act in Hedge Funds for a Top Wall Street Banker**

By RANDALL SMITH
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English


J. Tomilson Hill was a well-known Wall Street deal maker in the 1980s, a skilled merger tactician whose work on the bidding war for RJR Nabisco earned him a role in the book ''Barbarians at the Gate,'' which memorably said he came across to enemies as ''an oiled-back Gordon Gekko haircut atop 5 feet, 10 inches of icy Protestant reserve.''

But in 1993, Mr. Hill's climb up the ladder at Lehman Brothers ended when he was ousted as co-chief executive, and he spent the next seven years of his career in less prominent roles at the Blackstone Group, the private equity firm.

But Mr. Hill has reinvented himself by applying his deal-making skills to a different business. Since 2000, he has taken Blackstone's hedge-fund-of-funds business from barely a blip on the radar screen to the No. 1 spot. Its $53 billion in assets are more than double its nearest competitor's.

At a presentation for analysts in May 2012, Mr. Hill described his business as ''the largest investor in hedge funds in the world.'' A typical Blackstone fund may be subdivided among a dozen or more hedge fund managers, like William A. Ackman of Pershing Square Capital Management, Paul Singer of Elliott Associates or Andrew Hall, the former Citigroup oil trader. Mr. Hill has succeeded not by posting titanic returns but by offering the funds to institutions like public pension funds as a safer alternative to stocks without as much volatility. Its $8 billion flagship Blackstone Partners Offshore Fund returned 6.3 percent annually from 2000 through 2012, according a Blackstone presentation in mid-2013 obtained from another investor.

While it may look unexciting, that return beat global stock markets, as measured by the MSCI World Index, which returned 1.9 percent annually in the same period. The reason: The Blackstone fund posted healthy gains when markets tumbled in 2000-02, and its 15.6 percent drop in 2008 was less than half the 40.3 percent market decline.

Building this business organically has left some of Blackstone's rivals like Kohlberg Kravis Roberts & Company, the Carlyle Group and Apollo Global Management trying to compete through acquisitions or hiring teams, said Marc Irizarry, who follows money management firms for Goldman Sachs. Carlyle announced such an acquisition last week. The division now accounts for more than one-fifth of Blackstone's total assets under management.

This year, Blackstone has focused on the market for individual investors who may want such hedge fund vehicles in their portfolios. In August, it started a $1 billion mutual fund for wealthy clients of Fidelity Investments. Institutions have 25 percent of their assets in alternatives to stocks and bonds, like private equity, hedge funds and real estate, but individuals have only 2 percent, which Blackstone's president, Hamilton E. James, says ''shows you the massive potential that retail has.''

The second act for Mr. Hill, who is 65, has helped him become Blackstone's third-highest-paid executive officer, with 2012 compensation of $13.7 million. He also owns $506 million worth of Blackstone stock and has sold $45 million worth since the firm went public in 2007, according to InsiderScore, which tracks such sales.

He has homes in Manhattan, East Hampton, Paris, and Telluride, Colo., where he likes to ski. He also has a growing art collection including works by Andy Warhol, Francis Bacon and Brice Marden. His 32 Renaissance and Baroque bronzes will be featured in an exhibition that opens in January at the Frick Collection. Mr. Hill's contributions to the local arts scene include service as chairman of the board of Lincoln Center Theater and a trustee at the Metropolitan Museum of Art. Still, there are limits. When a museum assembled a Bacon show in 2008, Mr. Hill was asked to lend three of the four Bacons he owns, but he drew the line at two.

The son of a corporate lawyer at a large New York firm, Mr. Hill grew up on Park Avenue, attending the preppy bastions Buckley School and Milton Academy, where he was a varsity wrestler, before attending Harvard and Harvard Business School.

He joined the merger department of First Boston in 1973 and left six years later to become head of mergers at Smith Barney, Harris Upham. Mr. Hill joined Lehman in 1982, where he worked briefly with Peter G. Peterson and Stephen A. Schwarzman before they left to found Blackstone in 1985 after Lehman was sold to American Express.

At Lehman, with the 1980s merger mania in full swing, one former banker recalls that the hypercompetitive Mr. Hill would know exactly how much he weighed before and after workouts in the firm's gym, where he would sometimes do situps nonstop for 15 minutes. But after three years as co-chief executive alongside Richard S. Fuld Jr., Mr. Hill was ousted by Harvey Golub, the chief executive of American Express.

His front-page ouster from Lehman ''was a very jarring experience,'' Mr. Hill recalled. ''It was very hurtful as well because I thought I had done a good job'' engineering merchant banking buyouts that helped the firm's profits for the next few years. ''You deal with the reality of trying to reinvent yourself, and the test of anybody is how they do in adversity.''

''Any normal person would be set back and quizzical about it,'' Mr. Schwarzman said. ''I don't think he was in any way a broken person, but he was clearly reflective, and appropriately so.'' At Blackstone, Mr. Schwarzman continued, ''he sort of sat around, and eventually somebody called him to do something, he did it, and then someone else called, and he sort of got his sea legs back.''

When Mr. Hill took over the fund-of-funds business in 2000, it managed $1.3 billion, one quarter of it for the firm itself and its partners. Referring to his days as a mergers-and-acquisitions banker, Mr. Hill said he used ''an M.&A. approach instead of a product approach,'' building the business by asking clients what they needed ''and not trying to sell them something.''

One of his first big clients, the Pennsylvania State Employees' Retirement System, asked Blackstone to create a market-neutral fund in 2001, and eventually invested $1.3 billion in it. Five years later, the retirement fund's chief investment officer at the time, Peter Gilbert, told Mr. Hill at an investors' meeting of a problem the retirement fund was encountering in investing in a well-known commodity index, as an inflation hedge, because of differences between futures and spot prices.

Mr. Hill was able to find traders who could match or beat the index, including Mr. Hall, who was working then at the Phibro trading unit of Citigroup. ''It didn't just solve our problem, it created a new business line for them,'' Mr. Gilbert said.

At the start of 2007, Blackstone ranked No. 14 among fund of funds, according to one industry tally. But during the financial crisis, some competitors imposed delays or ''gates'' limiting investor withdrawals. Worse, other competitors had exposure to Bernard L. Madoff's Ponzi scheme. Blackstone, which prides itself on intensive manager research, had avoided Mr. Madoff.

With its network of outside managers and its own private equity team, Blackstone seeks to exploit unusual market moves. When the hedge fund manager John Paulson sold Lehman bankruptcy claims in 2011 amid speculation about redemptions by his investors, Blackstone got one of its managers to spend $600 million buying claims amid a market dislocation. Mr. Hill said the strategy returned more than 30 percent on an annual basis after fees.

The fees are hefty. Blackstone says it often negotiates fee discounts from its managers, but won't provide details. The mutual fund for Fidelity charges total annual fees of 3.25 percent, with a waiver reducing the total to 2.4 percent -- still more than double the average mutual fund. Since it started trading in early August, the fund has gained 3.6 percent after fees.

But the fund-of-funds business is facing pressure as stocks have taken off after the 2008 meltdown. Blackstone's flagship fund is no exception, trailing the global market's strong 12.9 percent annual returns from 2009 to 2012 by 5.6 percentage points.

 

As for his hair, Mr. Hill said he wore it parted in high school but switched to a straight-back style when he grew it longer during the student-protest era when he wrote for The Harvard Lampoon. (That was ''back when I had a sense of humor,'' he noted.) But he scoffs at the loose talk he has heard over the years that Oliver Stone, the ''Wall Street'' director, might have modeled Gordon Gekko's hair on his. ''Oliver Stone never met me,'' Mr. Hill said. ''I don't think Oliver Stone knows who I am.''

This is a more complete version of the story than the one that appeared in print.

J. Tomilson Hill is an executive at the Blackstone Group. (B1); J. Tomilson Hill has made Blackstone's hedge-fund-of-funds business No. 1 in the industry. (PHOTOGRAPHS BY JOSHUA BRIGHT FOR THE NEW YORK TIMES) (B6)

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**Handset Unit Nearly Sold, Nokia Now Looks to an Uncertain Future**

By MARK SCOTT
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3
English


HELSINKI, Finland -- Nokia's shareholders took a major step on Tuesday to reshape the company, voting overwhelmingly in favor of selling the company's handset business to Microsoft for $7.2 billion.

The approval represents one of the final steps before Microsoft takes control of the struggling cellphone division, which is expected early next year. But it also leaves many questions about what is in store for Nokia, a Finnish company that still lies at the heart of Europe's technology industry.

''It's been a very challenging period,'' Risto Siilasmaa, Nokia's chairman and interim chief executive, said in a recent interview. ''When I became chairman, I didn't think this was going to be a possibility. There have been a lot of emotions.''

The handset unit -- which sold 64.6 million phones in the third quarter of 2013 -- is still one of the world's largest. But it has increasingly lost out to rivals like Samsung and Apple that now dominate the lucrative smartphone market.

After pioneering mobile phone technology throughout the 1990s, Nokia became the world's largest handset maker with a market value of around $250 billion. It had nearly a 40 percent share of the global smartphone market as late as 2009, according to Gartner, the research company.

But Nokia's market share has quickly dwindled to less than 4 percent of global smartphone sales, and Samsung is the world's largest phone maker. The company's market value stands at roughly $30 billion, or just 12 percent of its record high.

''It's a sad moment, but we have to look forward,'' said Michael Halbherr, who leads Here, Nokia's mapping business, which will remain part of the company. ''The type of culture we had at Nokia created success, but it didn't do enough to succeed in the smartphone era.''

Despite the company's recent lackluster performance in the cellphone market, Nokia still has a few tricks up its sleeve as it contemplates the future. Senior executives at the company are completing a strategy, due early next year, that is expected to focus on Nokia's remaining businesses and be supported, at least in part, by the cash from the handset sale.

The plans are likely to include a networking unit that competes with companies like Ericsson of Sweden and Huawei of China to build high-speed mobile data infrastructure for large carriers, including Verizon Wireless and Vodafone. While the business began as a joint venture with Siemens, Nokia bought the 50 percent that it did not already own for $2.2 billion earlier this year.

The company has also held on to its mapping division, whose technology is in about 80 percent of the automotive navigation systems worldwide. It also controls an intellectual property portfolio that could either be licensed to other companies or used to build new products.

''We are in a unique situation,'' Henry Tirri, Nokia's chief technology officer, who manages the company's intellectual property, said in an interview. ''Before, we only thought about fitting our technology into mobile devices because that was our main business. Now, we have kept our technological assets and can use them where we see opportunities.''

Analysts warn, however, that creating a viable business from the three separate divisions, which are run independently, could prove a challenge.

Nokia's networking division, for example, will generate over 90 percent of the company's revenue after the handset sale is completed. With little overlap with the company's mapping unit, some investors have called on the firm to sell, or spin off, the smaller unit so that it can prioritize its core networking operations.

''These are very different business,'' said Sylvain Fabre, a Gartner telecoms analyst in London. ''It's hard to see how they could create connections between them.''

Other shareholders have demanded that Nokia return some of the almost 8 billion euros, or $10.8 billion, in cash that Nokia will have after it completes the sale of its handset division.

Analysts say that a portion of the proceeds will probably be spent on acquisitions, particularly for Nokia's mobile networking business, but that some of Microsoft's money will be for investors, many who remain unsure of Nokia's future plans.

''We expect a meaningful portion of the excess will be distributed to shareholders in coming quarters,'' the American hedge fund manager Daniel Loeb wrote in a letter to his investors last month.

While investors bicker over how the money should be spent, Nokia's executives and employees -- and many Finns -- are still coming to terms with the new-look company that has been synonymous with handsets for more than two decades.

Many in the Northern European country viewed Nokia's position as a leader in the cellphone industry as a matter of national pride, and the company helped to train software engineers and developers who transformed Helsinki into one of Europe's leading technology hubs.

The sale is also the first time in the lives of younger generations in both Finland and around the world that Nokia will not be known for making handsets. Analysts and investors have raised concerns about how Nokia will be able to connect with global consumers who still associate the brand with mobile phones. Microsoft has a 10-year licensing deal to use the Nokia brand for some of its own phones.

Rajeev Suri, head of the company's network business, says his priority is now squarely on increasing Nokia's market share in so-called fourth-generation mobile infrastructure, which supplies high-speed cellular connections. The business has been growing as consumers increasingly rely on smartphones and tablets to connect to the Internet.

Mr. Halbherr of Nokia's mapping unit also wants to extend the company's foothold in GPS navigation by building relationships with some of the world's largest automakers, which already use the firm's products and services.

Still, for others, the handset sale remains a hard pill to swallow.

Janne Lindström joined Nokia's networking unit in the mid-1990s, and has worked in a number of manufacturing jobs alongside his counterparts in the cellphone business at one of the company's plants in northern Finland.

Despite Nokia's recent problems, Mr. Lindström said he had been hopeful that the company's networking business, which itself underwent a restructuring that involved 17,000 job cuts worldwide, would help to support the faltering handset business so that it could remain part of Nokia.

''The announcement with Microsoft took me by surprise,'' he said. ''We are a big family. If the mobile phone business was in trouble, we thought it was our duty to help them until they succeeded again.''

At Nokia's shareholder meeting in Helsinki, Finland, Risto Siilasmaa, below, the company's chairman and interim chief executive, said it had been a challenging time. Board members and the company's leadership team, right. (PHOTOGRAPHS BY ANTTI AIMO-KOIVISTO/LEHTIKUVA, VIA AGENCE FRANCE-PRESSE -- GETTY IMAGES; ANTTI AIMO-KOIVISTO/LEHTIKUVA, VIA REUTERS)

Document NYTF000020131120e9bk0008t

 

The New York Times

DEALBOOK
Business/Financial Desk; SECTB
**Turkish Company To Buy Maker of Turtle Chocolates**

By RACHEL ABRAMS
346 words
28 December 2013
The New York Times
NYTF
Late Edition - Final
2
English


Updated, 3:31 p.m. |

The owner of Godiva chocolates is dipping deeper into the candy business.

Yildiz Holding, the Istanbul-based food and beverage company that has several brands including Godiva, has agreed to purchase DeMet's Candy Company, the maker of Turtles chocolates, from the private equity firm Brynwood Partners for $221 million.

DeMet's operates manufacturing plants in the United States, and the deal could give Yildiz a stronger foothold here. Yildiz owns the Ulker Group, one of the largest consumer goods companies in the Turkish food industry, which absorbed Godiva after Yildiz purchased it from the Campbell Soup Company in 2007 for $850 million.

''North America is an important part of Yildiz' international expansion,'' Jim Zaza, vice chairman of Yildiz Holding, said through a spokesman. ''The DeMet's Candy Company was a very clear and strong fit with Yildiz' strategic objectives and intent,'' He said Yildiz was drawn to the company's strong and well-recognized brands, wide distribution reach, consistent growth and experienced team.

''We are delighted to announce the divestiture of DeMet's Candy,'' Hendrik J. Hartong III, a senior managing partner at Brynwood and the chairman of DeMet's, said in a statement on Friday. ''We wish Yildiz success with this outstanding company.''

Brynwood, which also owns the Back to Nature Granola brand and the Pearson's snack brand, first purchased Flipz, the chocolate-covered pretzels, from Nestlé in 2004. It formed DeMet's in 2007 with the intention of buying the Turtles chocolate brand from Nestlé. It also purchased Treasures, the milk chocolate caramels, from the food giant.

After the closing, Peter Wilson, DeMet's chief executive, will join one of Brynwood's funds.

Houlihan Lokey advised DeMet's on the transaction, which is expected to close in January. JPMorgan advised Yildiz.

Representatives for Brynwood, Yildiz and Houlihan Lokey could not be immediately reached for comment.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECTB
**Fashion Firm Takes $1.2 Billion Buyout**

By DAVID GELLES
360 words
20 December 2013
The New York Times
NYTF
Late Edition - Final
7
English


The Jones Group said on Thursday that it had accepted a buyout offer of $15 a share from the private equity firm Sycamore Partners, bringing a long-rumored deal to fruition.

The deal gives Jones, which owns a collection of midmarket fashion brands, an equity value of $1.2 billion. Sycamore will also take on $1 billion in debt, bringing the enterprise value to $2.2 billion. The offer of $15 a share amounts to a 19 percent premium over the volume-weighted average of the company's stock price in the month before the deal was first rumored, in April.

Jones, which owns brands including Nine West, Anne Klein and Easy Spirit, has struggled in recent quarters as sales slumped. It put itself up for sale this summer after the activist hedge fund Barington Capital Group took a 2 percent stake in the company.

''This business, which I founded nearly 45 years ago, has expanded into a global portfolio of powerful brands,'' Sidney Kimmel, Jones's chairman, said in a statement. ''I am proud of our heritage and believe the Jones Group's brands will thrive through our partnership with Sycamore.''

The sale comes after Jones's shares had fallen from nearly $18 this year and a high of more than $40 a share more than a decade ago. On Thursday, shares in the company fell 2 percent as some investors worried a deal might not get done.

The deal must still be approved by shareholders, but the company and Sycamore expect to close in the second quarter of next year.

Citigroup advised Jones and Peter J. Solomon Company advised the company's board. Cravath, Swaine & Moore provided the company with legal advice and Skadden, Arps, Slate, Meagher & Flom provided legal advice to the board. Bank of AmericaMerrill Lynch and Guggenheim Securities advised Sycamore Partners. Winston & Strawn, Simpson Thacher & Bartlett and the Law Offices of Gary M. Holihan provided legal advice to Sycamore Partners.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

T MAGAZINE
Style Desk; SECTST
**In Fashion: Prada's Partner**

By ALAINNA LEXIE BEDDIE
194 words
15 December 2013
The New York Times
NYTF
Late Edition - Final
3
English


Prada has taken up permanent residence on the top floor of the much-anticipated seven-story Dover Street Market New York, which opens Dec. 21 in Kips Bay, one of the few Manhattan neighborhoods not yet associated with fashion. But Miuccia Prada isn't treating the space like just another opportunity to peddle her coveted merchandise. Along with the tropical resort clothes stocked at her boutiques this time of year, the market will also feature her first-ever collaboration with Dover Street, which she created especially to celebrate the store's opening. The rich color scheme and heavy materials of the capsule, featured here in an exclusive sneak peek, feel very seasonally appropriate. The 12 women's styles -- including knee-grazing pleated skirts, austere Shetland wool knits, Mary Jane shoes and three timeless handbags -- were inspired by classics from past Prada collections but will don a very distinctive label: Prada Dover Street Market New York.

Related: The Making of Dover Street Market New York

This is a more complete version of the story than the one that appeared in print.

Document NYTF000020131216e9cf0002u

The New York Times

Business/Financial Desk; SECT
**To Lower Tariffs, Vietnam Pushes for Easing Trade Rules**

By DANNY HAKIM and TUAN NGUYEN
1,061 words
14 December 2013
The New York Times
NYTF
The New York Times on the Web
English


BRUSSELS -- The executives came from companies that own brands like Nike, Levi's and Zara.

They gathered here last month in a hearing room operated by the European government, for a public briefing on the status of trade talks between Vietnam and the European Union, which began last year. One industry noticeably dominated the audience, from the 14 chairs reserved for the European Branded Clothing Alliance, a trade group for the likes of H&M and Ralph Lauren, to the leader of an alliance of textile makers seated a few rows behind them.

For clothing and shoe companies, the negotiations between Europe and Vietnam are being watched with especially close care. Part of the reason is Vietnam's role as an assembly line for much of the apparel worn in the Western world. Another is that Vietnam's population also recently topped 90 million. Because the number of young people in the country is rapidly increasing, it has become an attractive growth market for apparel makers.

The most contentious issue, though, relates to a continuing push by the fashion industry to ease global ''rules of origin.'' Such rules establish where customs collectors consider a product is made. The standards are stricter in the United States than in Europe -- indeed, the issue is also part of negotiations between the United States and Asia -- but the fashion industry hopes that a change in rules in one jurisdiction could weigh on the larger negotiations among the giant trading blocs.

For goods coming into the European Union from Vietnam, the rules of origin can add up to substantial sums of money.

Garments face a 12 percent tariff coming into the European Union, but only 9.6 percent if they are considered ''Made in Vietnam.'' (The European Union grants special preferential trade access to many developing countries, including Vietnam, as a way to aid those countries.) Sneakers and other athletic shoes face tariffs of 16.9 percent, or 13.4 percent if they are made in Vietnam.

Given the volume of trade, these differences can quickly mean millions of euros.

But if clothes are made with fabrics imported from China or elsewhere, they are not considered ''Made in Vietnam'' and face the higher tariffs when they are imported into Europe. The importers, and Vietnam, would like relaxed tariffs.

Apparel makers contend that modern trade policy should not penalize companies for making their products in more than one country. Europe's domestic textile industry is opposed to relaxing the tariffs.

Mauro Petriccione, the chief negotiator for the European Union, drew a hard line at the hearing. ''We do have very firm views on what constitutes an originating product, and we're not always consistent in our policies, but if there is one where we have been consistent, it is this one,'' he said.

Then he softened his position. ''I think there will be ways to make rules of origin for textiles -- which as I say, we are very likely to keep to a very firm position -- more acceptable to Vietnam, more adaptable if you like with the reality of trade with Vietnam,'' he added. ''We are negotiating with Vietnam, however, not with China, and I think that has to be made clear.''

Far larger trade negotiations have been getting headlines -- notably the separate talks that the United States has been pursuing with the European Union and Asian countries. But the apparel companies know that there is a lot at stake with the Vietnam trade talks.

"The E.U. needs a modern approach to rules of origin," Tim McPhie, a lobbyist based in Brussels and a spokesman for the European Branded Clothing Alliance, said in a statement.

"There are still very high tariffs and significant trade barriers in place which make it hard for importers and exporters to do business, and the free trade agreement could potentially solve this issue," he said. Members of the association, he said, seek "the best quality and best value materials, services and labor around the world" and "the E.U.'s trade rules need to take into account this reality."

For the Vietnamese government, easing the rules has the potential to lift its exports and its economy. Pham Sanh Chau, Vietnam's ambassador to the European Union and its chief negotiator in the trade talks, said the discussions were of the "highest priority," adding that the potential agreement "enjoys the personal attention and interest of my prime minister."

But many groups do not favor easing these rules. "We are not against trade, we want fair access," said Francesco Marchi, director general of the European Apparel and Textile Confederation, which represents Europe's domestic textile industry, during the hearing last month.

"For us, the rules of origins are key," he said. "They should be linked to the condition of our tariff."

Europe generally requires what is known as a "double transformation" in goods for them to be considered made in a certain region. In the case of clothing, one step, or "transformation," would be weaving yarn into a fabric. A second transformation would be assembling the fabric into a garment.

The United States requires a "triple transformation" that extends back to the production of yarn from synthetic or natural fibers, like cotton.

Relatively few factories in Vietnam use domestically made fabrics. Lien Phat Ltd.'s factory, in a sprawling industrial zone about 18 miles northeast of Ho Chi Minh City, is a common example. It occupies two large tin-roofed hangars and employs 1,000 workers on four production lines. The factory, tucked among other factories and low-income housing, produces mostly women's shoes and counts Europe as its largest export market.

Its supplies are imported. "I mainly take orders from international corporations, who give us materials and designs," said Truong Thi Thuy Lien, the owner of Lien Phat. "Usually the clients will designate us to certain suppliers, most of them are in China."

Ms. Lien said the issue of "point of origin" was an important one, but perhaps more so for the corporations that contracted work to her factory.

"I don't deal with the exporting process. I take the order and deliver the goods to the port" in Ho Chi Minh City, she said. "The rest lies with my clients."

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The New York Times

Metropolitan Desk; SECTA
**A Koch Brother, on a Crusade Against Counterfeit Rare Wines, Takes the Stand**

By MOSI SECRET
677 words
14 December 2013
The New York Times
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Late Edition - Final
16
English


When you're worth just shy of $4 billion, being cheated out of a couple of million dollars in a suspected wine fraud might seem inconsequential.

But not to William I. Koch.

Mr. Koch, the industrialist whose achievements include winning the America's Cup yacht race in 1992, has undertaken a self-described crusade to ''shine a bright light on this fake wine business.'' He has filed lawsuits around the country against accused counterfeiters, and said he has spent $25 million investigating fraudulent wine.

He has hired glass experts, label experts, glue experts and cork experts to examine the wines in his own cellar.

On Friday, Mr. Koch's crusade took him to Federal District Court in Manhattan, where he took the witness stand against Rudy Kurniawan, the renowned rare wine dealer whose charm and expertise, prosecutors say, helped mask the fraudulent sale of counterfeit wine for millions of dollars. Mr. Kurniawan was arrested and charged in 2012 with mail and wire fraud and faces up to 20 years in prison.

Among those said to be victimized was Mr. Koch.

''I got conned, got cheated,'' Mr. Koch said. ''No one likes to be conned or cheated.''

Mr. Kurniawan was one of the country's most prominent oenophiles, spending more than a million dollars a month on wine while also selling tens of millions dollars' worth of wine that he claimed was from his own collection.

Prosecutors now say Mr. Kurniawan blended most of the wine himself, using his exquisite palate to mix old, cheap French wines with more recent California wines, and then covering the bottles with labels that he made with his laser printer.

Mr. Koch said he bought several bottles from a January 2006 auction of Mr. Kurniawan's wine. The sale, run by the New York wine auction house Acker Merrall & Condit, drew attention among wine lovers worldwide for its offerings of vintages thought to have been long out of existence.

Mr. Koch paid $9,000 at auction for a 1949 Chateau Lafleur, $30,000 for a 1947 Chateau Petrus, and tens of thousands of dollars more for other bottles. With the help of the experts he hired, he said he discovered they were fakes and traced them to Mr. Kurniawan.

A prosecutor, Jason Hernandez, asked Mr. Koch if the authenticity of the labels and corks, which Mr. Kurniawan is accused of altering, mattered to him.

He answered: ''If it walks like a duck, squawks like a duck, has feathers like a duck, it's a duck. So if the label is fake, the cork is fake, the capsule is fake, the bottle is fake, what do you think is in the bottle? There's a 99.99 percent probability the wine is fake.''

In 2009, Mr. Koch, whose better-known brothers underwrite conservative political causes, filed a lawsuit against Mr. Kurniawan in Los Angeles Superior Court claiming the bottles he bought were fakes. He now says that he has identified more than 219 bottles of wine that were consigned by Mr. Kurniawan, for which he paid $2.1 million, that he believes to be fake. And he estimates that he owns an additional 50 to 100 counterfeit bottles from Mr. Kurniawan for which he paid up to a million dollars.

A lawyer for Mr. Kurniawan, Jerome H. Mooney, has argued that the market for rare wines is flooded with counterfeits, and that his client was a victim, too.

Mr. Koch brought spreadsheets containing data on the counterfeits that he said he had bought over the years.

In an interview outside the courtroom, Mr. Koch described Mr. Kurniawan as one of the most prolific wine counterfeiters in the West, a ''clever con artist, but he's also stupid.'' He said Mr. Kurniawan's inability to manage his finances led to his downfall. Asked if he had ever met Mr. Kurniawan, Mr. Koch said: ''Never met him. Never want to meet him.''

William I. Koch

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The New York Times

Business/Financial Desk; SECT
**Coke Plans Return to Franchise Model in North America**

By REUTERS
154 words
13 December 2013
The New York Times
NYTF
The New York Times on the Web
English


The Coca-Cola Company said Thursday it would divide its North American business into two units, as part of its plan to return to a franchise model instead of ownership of bottlers.

The company said the division would result in two operating units: Coca-Cola North America and Coca-Cola Refreshments.

The Coca-Cola North America division will be led by J. A. M. Douglas. He will continue in his role as global chief customer officer.

Paul Mulligan will lead Coca-Cola Refreshments, the bottling division of the business, the company said. He is the head of commercial for Bottling Investments Group (BIG) and region director responsible for Japan and Latin America BIG operations.

Coke said in April it would return to a franchise model in the United States, where independent companies will deliver the drinks to local stores.

Document NYTF000020131213e9cd0006p

The New York Times

DEALBOOK
Business/Financial Desk; SECTB
**Designer's I.P.O.**

By CHAD BRAY
407 words
12 December 2013
The New York Times
NYTF
Late Edition - Final
5
English


LONDON -- Moncler, the Italian designer of luxury winter jackets, is set to raise $938.8 million in its initial public offering, which was priced at the top end of the range late on Wednesday.

The apparel maker, which abandoned plans to go public in 2011 because of market turmoil, priced its stock at 10.2 euros a share, which means it is set to raise at least €681 million in the offering. Moncler is expected to float at least 27 percent of the company as part of the offering. As a result, the company's implied equity value is expected to be €2.55 billion, or about $3.52 billion.

The offering was heavily oversubscribed, and Moncler has the option to increase the size of the offer by 15 percent, which would value the share sale at €783.6 million.

Moncler's shares are expected to begin trading on the Milan stock exchange on Monday morning.

The bulk of the proceeds from the initial public offering are expected to go to Eurazeo, the French investment company that owns 45 percent of the company, and the private equity firm Carlyle Group.

Remo Ruffini, who bought the company in 2003, is expected to keep his 32 percent stake in the firm.

Under Mr. Ruffini's leadership, Moncler -- a shortened version of the name of the mountain village, Monestier-de-Clermont in Grenoble, France, where the company was founded 60 years ago -- grew from an outfitter for the French Olympic ski team into a global fashion brand.

The company, which has 122 stores and also sells its products through department stores and online, posted sales of €489.2 million last year.

Carlyle had planned to take Moncler public in 2011, but ended up selling a stake to Eurazeo in a deal valued at about €1.2 billion.

Moncler is the latest luxury brand to go public amid growing consumer confidence and an improved economic outlook in Europe. Michael Kors and the Italian brands Prada and Bruno Cucinelli are among those that have undertaken I.P.O.'s.

Goldman Sachs, Bank of AmericaMerrill Lynch and Mediobanca are coordinating the sale, with JPMorgan Chase, Nomura, Banca IMI and UBS as joint bookrunners. BNP Paribas, Equita SIM and HSBC are the lead managers.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
**Majority Investor**

By DAVID GELLES
363 words
11 December 2013
The New York Times
NYTF
Late Edition - Final
10
English


Canada Goose, the maker of expensive winter jackets with distinctive red, white and blue arm patches, has sold a majority of the company to Bain Capital, the private equity firm.

The investment, terms of which were not disclosed, comes just weeks after Moncler, the chief rival of Canada Goose, set the price range for its initial public offering. Moncler is listing on the Milan stock exchange, where it plans to raise as much as $1.1 billion.

The imminent Moncler I.P.O. sets a welcome precedent for Bain. The Carlyle Group, another private equity firm, is a big investor in Moncler and stands to make a handsome profit when shares begin trading.

''With this investment, we're able to amplify what has driven our success for the last 15-plus years: delivering the best and warmest jackets to the rest of the world -- all proudly made in Canada,'' Canada Goose's chief executive, Dani Reiss, said in a statement. Mr. Reiss also owns a significant minority stake in the company, which is based in Toronto.

Buying into Canada Goose is the latest Canadian investment for Bain. Over the years, it has taken stakes in several companies in Canada, including Shoppers Drug Mart, Bombardier Recreational Products and BTI Systems.

''Bain Capital has a long and impressive track record of successfully investing in beloved Canadian companies, and we are thrilled to bring them on board,'' Mr. Reiss said.

In Canada Goose, Bain is taking control of a company that was founded in a small warehouse more than 55 years ago. Today, the company has more than 1,000 employees and recently expanded into new manufacturing factories in Winnipeg and Toronto.

Ryan Cotton, a principal at Bain Capital, said Canada Goose was ''a unique global brand that exudes authenticity.''

Canaccord Geunity advised Canada Goose and Torkin Manes served as legal counsel to Canada Goose. Ropes & Gray, Stikeman Elliott, Loyens & Loeff Luxembourg and Maples & Calder provided legal advice to Bain Capital. CIBC provided financing for the deal.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECTB
**Borrowing From Web for 'Branded Entertainment' for Bud Light**

By STUART ELLIOTT
841 words
2 December 2013
The New York Times
NYTF
Late Edition - Final
5
English


A popular Internet meme has inspired a series of humorous video clips for the nation's best-selling beer brand, from a creative team that includes the actor, director and comedian John Krasinski of ''The Office.''

Bud Light, sold by the Anheuser-Busch division of Anheuser-Busch InBev, is to introduce the videos on Sunday night on the brand's channel on YouTube. The videos go by the umbrella title ''Hold My Beer,'' echoing a skein of clips uploaded to YouTube by the public along the lines of ''Hold my beer and watch this'' or ''Dude, hold my beer and watch this.''

In the ''Hold my beer and watch this'' clips, reckless stunts predominate. The ''Hold My Beer'' videos, by contrast, are meant to be ''a lot more sketch-oriented rather than danger-oriented,'' Mr. Krasinski said by phone on Friday.

Mr. Krasinski attributed the idea for the videos to his friend and business partner, Danny Stessen, who loves the videos in which phrases like ''Hold my beer and watch this'' are ''famous last words before someone drives the snowmobile into a shed.''

As a setup for comic vignettes instead of wild stunts, the idea ''is so funny and so limitless,'' Mr. Krasinski said. He and Mr. Stessen approached executives at Anheuser-Busch InBev with the idea, he said, and they began producing the videos after the executives gave a green light.

The videos will be promoted on social media with a hashtag, #holdmybeer; they do not use the ''Here we go'' theme currently featured in Bud Light television commercials.

The videos are the first so-called branded entertainment project for Mr. Krasinski since a series of humorous clips two years ago for New Era baseball caps and gear, which featured him and Alec Baldwin as die-hard, trash-talking baseball fans of rival teams.

Branded entertainment, which marries marketing and programming, is also known as branded content or content marketing. Mr. Krasinski called it ''integrated creative content,'' adding with a laugh, ''I'm sure you guys have a much more official term for it.''

Whatever it is called, he said, it is a great thing because it gives actors, writers and directors a ''bite-size'' creative outlet in addition to longer-form content like movies and television shows.

Mr. Krasinski and Mr. Stessen produced the campaign with creative contributions from the four cast members of the videos; no advertising agencies were involved. (Mr. Krasinski does not appear in the videos.) The cast members include two actors who appeared in episodes of ''The Office,'' Dan Gill and Barak Hardley, as well as Ahmed Bharoocha and Adam Ray.

There are sight gags in the first three ''Hold My Beer'' videos, as well as more elevated humor involving subjects like time travel. In one video, an elderly woman plays a prank on the four cast members -- the opposite of what typically goes on in beer ads that celebrate dudes and bros.

The videos are part of efforts to ''make Bud Light humor more relevant and more contemporary,'' said Paul D. Chibe, vice president for United States marketing and United States chief marketing officer at the Anheuser-Busch division, They will also serve to distance the brand from a spate of sophomoric commercials with subjects like a flatulent horse and toilet paper.

"The big issue I saw was that we were making fun of our drinker; instead of laughing with, we were laughing at," Mr. Chibe said. "The best humor plays on human truths, which is what we've been trying to do."

Mr. Chibe is a fan of asking comedians to create online ads. When he worked at the Wm. Wrigley Jr. Company before joining Anheuser-Busch, he hired DumbDumb -- a venture led by Will Arnett and Jason Bateman -- to create video clips for Orbit gum.

Such efforts can "bring your brand ideal to life," Mr. Chibe said, by connecting the creativity of the comedians with "the business needs" of the marketer. But it is not easy, he added, as all parties involved must seek "the sweet spot" and avoid creating content that alienates the potential audience by being too commercialized.

At this point, Mr. Chibe said, the videos will be online only, although "if something pops, we may" also run it on television.

The reason for the online premieres is that "discovery of stuff like this is important for millennials," he added, referring to customers ages 21 to 27. "If you put it on TV right off the bat, it takes off a little of the cachet."

There are plans for additional "Hold My Beer" videos, Mr. Chibe said, beyond the first three clips. Mr. Krasinski said the next batch might riff off "historical" themes like "John Hancock signing the Declaration of Independence."

But wouldn't Hancock have been holding a Samuel Adams rather than a Bud Light?

The actor John Krasinski attending a movie premiere last year in Manhattan. (PHOTOGRAPH BY STEPHEN LOVEKIN/GETTY IMAGES)

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The New York Times

Business/Financial Desk; SECTB
**Consumer Safety Chief Leaves a Small Agency With Bigger Powers**

By RON NIXON
1,160 words
30 November 2013
The New York Times
NYTF
Late Edition - Final
1
English


WASHINGTON -- When Inez M. Tenenbaum took over the Consumer Product Safety Commission in 2009, she found an agency in turmoil and uncertain of its mission to ensure that tens of thousands of products on American store shelves did not present a danger to buyers.

By the end of her four-year term, which came to a close on Friday, she can say that she has presided over a significant increase of the agency's powers. And Ms. Tenenbaum, 62, has not been shy about using them. The agency recently leveled its highest fine ever -- $3.9 million -- against Ross, the discount retailer, because it continued to sell what the commission said was defective children's clothing, even after warnings from the agency.

She and the safety commission also waded into one of the most contentious topics in the sports world: protecting football players from head injuries. The result was the Youth Football Brain Safety initiative, which called for the replacement of youth league helmets with safer models paid for by the National Football League, the National Collegiate Athletic Association and the N.F.L. Players Association.

''I just felt like it was something that needed to be done,'' she said.

But before she could make much headway on issues, Ms. Tenenbaum had to persuade consumer advocates that she would work for them while reassuring manufacturers that the agency would not be unfair in carrying out its new powers. It was a difficult juggling act that some industry officials say Ms. Tenenbaum has managed to pull off.

''What I was most glad about is that she treated us and others in the industry as a resource, rather than the enemy,'' said Carter Keithly, president of the Toy Industry Association. ''We didn't agree on everything, but she was always fair.''

For the Youth Football Brain Safety initiative, the N.C.A.A., the N.F.L. and the players association kicked in a total of $1 million to pay for the helmet replacements. ''The support of Chairman Tenenbaum and the C.P.S.C. played an important role in making our helmet replacement initiative a reality,'' Roger Goodell, the N.F.L. commissioner, said in a statement. ''We really appreciated her personal involvement and the agency's in the work to make our game better and safer.''

Yet the commission under Ms. Tenenbaum's leadership has not been exempt from criticism. Some of the biggest complaints followed the decision by agency lawyers to hold Craig Zucker, the chief executive of the company that made Buckyballs, liable for the recall of the magnetic children's toy, even after the company was dissolved. Manufacturers have argued that holding an individual responsible for a widespread, and expensive, recall sets a disturbing example, and would discourage companies from being open in their dealings with regulatory bodies.

Ms. Tenenbaum said she could not comment on the case because it was continuing.

The Consumer Product Safety Commission, one of the smallest agencies in government, was created in 1972. With a budget of about $120 million and 530 employees, the agency annually monitors more than 15,000 imported and domestically made products. Before Ms. Tenenbaum took the reins, it had been increasingly criticized in the light of deaths and injuries that critics said were the result of the agency being too close to the industries it regulated.

Ms. Tenenbaum, a lawyer, had no product safety experience when she was nominated for the job by President Obama. She had come up through the Democratic ranks in South Carolina, a state dominated by Republicans, serving as a legislative staff member as well as the state's superintendent of education. In 1994, she ran an unsuccessful primary campaign for lieutenant governor, and 10 years later lost to Jim DeMint, a Republican, in the race to replace Ernest Hollings, a Democrat who was retiring, in the Senate.

Before her arrival at the safety commission, the Bush administration had sought to ease what it considered costly rules that placed unnecessary burdens on businesses, and the agency's budget was largely gutted. Staff was cut and safety initiatives were stalled or dropped.

In 2007, a Washington Post investigation found that Nancy Nord, who was then the agency's acting chairwoman, and her predecessor, Hal Stratton, had taken dozens of industry-sponsored trips that were paid for in full or in part by trade associations or manufacturers of products that were regulated by the agency. Ms. Nord said the trips were legal.

Faced with mounting criticism from consumer groups, Congress passed legislation that year that overhauled the agency. The legislation -- which passed 89 to 3 in the Senate and 424 to 1 in the House -- gave sweeping new powers to the agency that the commission did not take full advantage of until Ms. Tenenbaum took office.

Ms. Tenenbaum and her staff were asked to put in place hundreds of rules and regulations involving products from baby cribs to backyard grills that sold for more than $1.4 trillion annually. The regulations set new limits for lead in children's products, created a public database to catalog product safety complaints and put mandatory standards in place for children's bed rails, cribs and swings. The new law also gave the agency the ability to increase potential civil penalties to $15 million from less than $2 million.

''She stepped in at a difficult time and has done an incredible job,'' said Sally Greenberg, executive director of the National Consumers League, an advocacy group.

In stepping down, Ms. Tenenbaum will end an arduous commute. She left her home in a rural section of Lexington County, S.C., every Monday to catch a 6 a.m. US Airways flight to Washington. She makes the reverse commute on Thursday nights.

''I've gotten my work done; it's time to move on,'' said Ms. Tenenbaum, who will take a job with the law firm Nelson Mullins Riley & Scarborough in Columbia, S.C.

She said she was most proud of the efforts to make children's products safer. On an office shelf, she keeps photos of several children who died as a result of defective products.

''This made me want to work harder to save children's lives,'' she said, adding that she would continue to be an advocate for the safety of children in her new job. The change will also allow her to spend more time with her husband, Samuel.

''If I had taken another term, he would have been 77 and I would have been 69,'' she said. ''That's not how I wanted to spend the last quarter of our lives.''

Inez M. Tenenbaum, seated, was given an ovation at her final commission meeting. Ms. Tenenbaum had no product safety experience when she was nominated to lead the agency. (PHOTOGRAPH BY DREW ANGERER FOR THE NEW YORK TIMES) (B5)

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The New York Times

Business/Financial Desk; SECTB
# Blackberry Chief Removes Some Top Executives

By IAN AUSTEN
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10
English


OTTAWA -- In his first move since becoming acting chief executive of BlackBerry, John S. Chen has removed several senior executives at the troubled smartphone maker, the company said Monday.

Gone from the company are Kristian Tear, the chief operating officer, and Frank Boulben, the chief marketing officer. In addition, Brian Bidulka has been replaced as chief financial officer, although he will remain with BlackBerry for the balance of its fiscal year as an adviser.

Roger Martin, the former dean of the University of Toronto's Rotman School of Management, also announced his resignation as a director, a position he has held for six years.

Mr. Tear, who was born in Sweden and is a former Sony Ericsson executive, and the French-born Mr. Boulben, who worked for several wireless carriers in Europe, were part of a team brought in by Thorsten Heins, BlackBerry's former chief executive, last year.

Along with Mr. Heins, who is from Germany and a former Siemens executive, they were widely blamed for the failure of the BlackBerry 10 line of phones, which was introduced this year and was supposed to be BlackBerry's salvation.

It was widely assumed that their positions were vulnerable after Mr. Heins was fired earlier this month. His removal followed the failure of a takeover bid to take BlackBerry private by Fairfax Financial Holdings of Toronto, BlackBerry's largest shareholder. Fairfax instead gathered a consortium of investors to lend BlackBerry $1 billion in convertible debt and brought in Mr. Chen, the former chief executive of Sybase, as acting chief executive and executive chairman.

Adam Emery, a spokesman for BlackBerry, said that the company would no longer have chief operating and chief marketing executives. He said he was unable to elaborate on that decision, citing a ''quiet period'' preceding the company's quarterly financial report, due on Dec. 20. It will follow a quarter in which BlackBerry reported a $1 billion loss. Many analysts anticipate that BlackBerry will again write down large inventories of unwanted phones, which will again force it to post substantial losses.

Some investors have suggested that BlackBerry should abandon making phones and concentrate on software and selling secure wireless services to businesses and governments. But Mr. Chen, who is commuting to BlackBerry's headquarters in Waterloo, Ontario, from California, suggested in a statement that was not part of his plan.

''I will continue to align my senior management team and organizational structure, and refine the company's strategy to ensure we deliver the best devices, mobile security and device management,'' he said.

Mr. Bidulka will be succeeded by James Yersh, who has been with the company since 2008 and is now its controller and head of compliance. Mr. Yersh previously worked for Deloitte and Cognos, a technology company based in Ottawa that is now part of IBM.

John S. Chen, the former chief executive of Sybase, is BlackBerry's acting chief. (PHOTOGRAPH BY FRED PROUSER/REUTERS)

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The New York Times

Business/Financial Desk; SECT

# A Ferragamo Helps Transform a Piece of the Tuscan Coast

By LAURA LATHAM
1,241 words
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The International New York Times
English


GROSSETO, Italy -- Until recently the Maremma region along Tuscany's coastline was a haunt for wealthy Italians from Milan and Rome, largely undiscovered by the international property market.

Then Leonardo Ferragamo, son of the Italian shoe designer Salvatore Ferragamo, developed a residential project for 100 million euros, or $134 million.

Mr. Ferragamo spent his childhood summers on this coast, near this historic town. And in 2011 he bought the Scarlino Yacht Service, now the regional home of the charter and repair businesses for his two yacht brands, Nautor's Swan and Camper & Nicholsons.

When Mr. Ferragamo learned that a local developer was building a residential and leisure complex on an adjacent site, he decided that he wanted to be involved. The Ferragamo family's holdings include the fashion house and a luxury group with the Lungarno hotel brand, but Mr. Ferragamo had never been involved in property development until, later in 2011, he became the sole owner of the new complex, Marina di Scarlino.

Now completed, the development encompasses 39 apartments, retail outlets and offices, a spa, and a 560-berth marina and boat yard. There also is a beach club with a swimming pool, managed by the leisure company Puro Group, which also handles the development's rentals.

Properties range from studios of 48 square meters, or 515 square feet, to two-bedroom units of 123 square meters. The properties are designed in a contemporary style, with modern furnishings in neutral colors and sleek lines, a look that Mr. Ferragamo refers to as ''accessible.''

''I didn't want the design to be too extreme or glamorous,'' he said in a telephone interview. ''I wanted to create residences of elegance and class, that also feel connected to the surroundings, the local nature and the sea.''

Natural stone from the nearby town of Santa Fiore was used in the complex's construction, and most residences have large wooden decks with steel-and-wood railings, a look reminiscent of a cruise ship.

''I had a specific idea about the style of design and architecture,'' Mr. Ferragamo continued. ''I didn't want to replicate the past. I wanted to create a statement that would endure.''

Prices range from €310,000 to €890,000. A package -- a one-bedroom property plus a Camper & Nicholsons 14-meter Endeavour yacht with berth -- is also available at €1.25 million.

Of the 39 apartments, 13 have sold, mainly to Italians but also to Russians and Northern Europeans. While buyers own the structures, purchases include only 75-year leases on the land. Freehold sales are not allowed because the development sits directly on the Tuscan coast. For buyers who want freehold ownership, a second phase is planned but has not been offered for sale yet.

''I'm proud of this development,'' Mr. Ferragamo said. ''It's innovative in this area and everything is starting to happen in Maremma. The location is good. It's at the heart of Tuscany, with access to Pisa, Florence and Rome but right on the coast.''

The Maremma coast is an area of agricultural land and vineyards, pine forest, pretty coves and beaches. Much of it is classed as protected nature reserve and development is strictly controlled by the Tuscan authorities.

About 20 kilometers, or 12 miles, offshore is the island of Elba, part of the Tuscan archipelago that is a draw for sailors around the world.

Nick Barnewitz, owner of a local real estate agency called Casa in Toscana and a sales agent for Savills International, acknowledged that coastal property was in demand but said there was a lack of prime stock.

''Coastal apartments tend to be small and old-fashioned, aimed at the local market, not international buyers,'' he said. ''Building on the waterfront is restricted, so there is a premium for property within easy reach of the coast or with sea views.''

Russians are now among the main buyers of coastal property in the region, which has pushed up prices in chic resorts such as Forte dei Marmi and Punta Ala. Such properties average €5,000 to €6,000 per square meter, about $625 to $750 a square foot.

Those prices are as much as €2,000 more per square meter than in the popular Chianti region, around two hours inland. The rural heartland has traditionally attracted retirees from Britain and North European countries. That attraction, however, has faded in recent years, with real estate agents saying that potential buyers now seek easier access to facilities, low-maintenance properties and better rental opportunities.

''Buyers are now from a wider international base and want more experiences than just being in the countryside,'' said Elisa Biglia, a local sales consultant for the London-based property agency Chesterton Humberts. ''For many people, an older, rural property is too difficult to manage and too far from services. They prefer to be on the coast with access to sailing, resorts with beach clubs and good restaurants.''

Twenty minutes inland from Marina di Scarlino, Borgo Santa Chiara is also focusing on buyers who want a newly built, low-maintenance second home near the sea. Its 10 three-bedroom villas, which range from 135 square meters to 160 square meters, were completed in September and stand on a hillside next to a golf course.

While the stone facades are in keeping with local architectural traditions, the interiors of the units vary in design. Some have large roof terraces or attic spaces, but all have private gardens and access to a communal pool.

''I wanted to create a sense of charm and seclusion, to maintain the traditional Tuscan aesthetic in the design,'' said Carlo Paracciani, the local developer behind the project.

He is selling the properties through Savills for €680,000 to €1.2 million. One unit sold to a German buyer within weeks of its introduction in September, and Savills says it has received inquires from potential buyers in the United States and Europe, and from European expatriates in Malaysia and Hong Kong.

In addition to Borgo Santa Chiara, Mr. Barnewitz, the owner of Casa in Toscana, is representing several individual properties in the Maremma region, like the nine-bedroom Villa Maremma. The villa, which is 10 kilometers from the coast, has 750 square meters of living space and 2.7 hectares of grounds, including vineyards, and is priced at €2.8 million.

He also has a listing for a three-bedroom hillside property in Punta Ala. The house, with views toward Elba, totals 2,400 square meters and there is an additional 1,300 square meters of land. It is priced at €2.4 million. A neighboring house sold to a Russian buyer in September for €2.5 million, Mr. Barnewitz said.

Beachfront access can push the price up significantly. One villa in the select resort of Pineta di Roccamare, in the province of Grosseto, sold to a Russian buyer in June for €3.9 million; a six-bedroom villa in the same resort is on the market for €3.2 million.

With interest shifting toward the coast and a younger, more international buyer, Ms. Biglia said she welcomed the ideas of new developers like Mr. Ferragamo.

''Italy is known for its heritage but we can't live on nostalgia,'' she said. ''We need to move forward and do something more modern. People expect Italy to be creative.''

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**Jury Tells Samsung to Pay Apple $290 Million**

By BRIAN X. CHEN
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3
English


SAN JOSE -- A jury on Thursday said that Samsung Electronics would have to pay Apple $290 million more in damages for violating patents, putting an end to one chapter in the long-running patent struggle between the two tech companies.

The six-woman, two-man jury calculated the damages based on 13 products that infringed Apple's patents. They determined that two smartphones incurred the heftiest damages: Samsung's Infuse 4G, at about $100 million, and the Droid Charge, at $60 million.

While the price tag will not significantly affect either company's pocketbooks -- they are two of the most profitable companies in the technology industry -- the ruling did give Apple another victory in the companies' continuing legal fight.

In August last year, a California jury determined that Samsung had infringed on a series of Apple patents and needed to pay more than $1 billion in damages. But the judge, Lucy H. Koh of the Federal District Court for Northern California, later vacated $450 million of the original award, saying it was unclear how the jury had calculated that portion, but said Samsung owed the remaining $600 million.

The latest trial, also overseen by Judge Koh, was to determine whether Samsung needed to pay more or less than the $450 million that was vacated. In the trial, which ran for about a week in San Jose, Calif., lawyers for Apple and Samsung focused on how to calculate the damages: in lost profits or in royalties. The trial covered five patents and 13 products.

Apple said in a statement that the case ''has been about innovation and the hard work that goes into inventing products that people love.'' It added, ''While it's impossible to put a price tag on those values, we are grateful to the jury for showing Samsung that copying has a cost.''

Lauren Restuccia, a Samsung spokeswoman, said, ''We are disappointed by today's decision.'' She added, ''While we move forward with our post-trial motions and appeals, we will continue to innovate with groundbreaking technologies and great products that are loved by our many customers all around the world.''

Apple argued in the most recent trial that it deserved $379.8 million because it missed out on large amounts of profit after Samsung's smartphones entered the market. Samsung contended that Apple should get much less, $52 million.

Legal experts said Samsung was most likely trying to minimize the damages to safeguard itself in future fights. The final award could influence another jury to make similar damage calculations.

This time, the process for calculating the amount Samsung owed was simpler than in the previous trial. The jurors had to fill out a one-page form assessing the damages for each infringed patent, unlike last time, when jurors filled out a complex 20-page form.

Still, the new jury appeared to have some trouble crunching the numbers, taking parts of three days to reach a conclusion. On Wednesday afternoon, the judge called a meeting to answer questions from the jury about how to decide whether Apple was entitled to lost profit, and if so, how to calculate it.

Apple's lawyer, Harold J. McElhinny, showed an internal Samsung document to highlight that employees had acknowledged that the battle in the mobile industry was a ''two-horse race'' between Apple and Samsung. Therefore, he said, many sales made to Samsung most likely could have gone to Apple.

Samsung, however, said that it should pay a much smaller amount in the form of royalties for each device it sold that carried the infringing features. Its lawyer, Bill Price, said that Apple was not entitled to lost profits because people had bought Samsung phones for reasons unrelated to the features covered by patents, like the fact that some Samsung phones had bigger screens and that Samsung's phones and tablets were generally cheaper than Apple's.

Also on Wednesday, Samsung tried to delay the entire trial. The company argued that a patent involved in the trial, which covered touch-screen mechanics, might be deemed invalid by the United States Patent and Trademark Office. In light of that, reaching a verdict now would be wasteful, Samsung said.

But Apple said in a response late Wednesday that Samsung's motion to delay the trial had ''crossed the bounds of reason.''

Apple and Samsung continue to fight in courts around the world. In the United States, the tide has shifted in Apple's favor. Both companies persuaded the United States International Trade Commission that the other had violated patents, resulting in bans on each other's products. The Obama administration ultimately vetoed the ban on Apple products, while upholding the ban on Samsung products.

The two companies are scheduled for another trial in March 2014. That trial will involve a different set of Apple patents and some newer products, including Samsung's popular Galaxy S III -- a smartphone that at one point surpassed the iPhone in sales. Judge Koh is expected to also oversee that case.

Captivate, left, and Epic 4G figure in Samsung's patent dispute with Apple. The tech giants will meet again in court next year. (PHOTOGRAPH BY JEFF CHIU/ASSOCIATED PRESS)

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The New York Times

Style Desk; SECT
**Opulence on Very Small Screens**

By CATHERINE SHU
1,278 words
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English


TAIPEI -- As Southeast Asia emerges as an important growth market for luxury, companies are facing the challenge of selling to a customer base that is constantly connected to the Internet through mobile devices.

And compared with customers in other regions, those in Southeast Asia are especially attached to their smartphones.

According to a September report by the global information and measurement company Nielsen, 87 percent of Singaporeans and 80 percent of Malaysians own a mobile device, a much higher rate than the 65 percent tallied in the United States.

While mobile penetration rates in the rest of the region are lower (49 percent in Thailand and 23 percent in Indonesia, for example), they are rapidly increasing.

Claudia D'Arpizio, a partner based in Milan, Italy, with the management consultancy Bain & Company, says that the luxury market in Southeast Asia is expected to grow 11 percent this year -- to 6 billion euros, or $8.13 billion, in sales -- compared with an overall 4 percent growth expected in China.

Singapore is still the most significant market in the region, but Malaysia and Indonesia are becoming increasingly important. Thailand and Vietnam also show potential, she said.

Consumer preferences are developing in the same pattern as in other emerging luxury markets, Ms. D'Arpizio said. While Chinese consumers are becoming more sophisticated and turning away from conspicuous logos in favor of unusual design and craftsmanship, Southeast Asian shoppers still ''seek out more visible, recognizable luxury,'' she said.

The ubiquity of smartphones, however, means there are new opportunities as well as obstacles for luxury companies as they woo consumers in Southeast Asia and beyond.

According to Bain's research, online transactions now account for 5 percent of all luxury sales around the world, and mobile is driving a third of that traffic. While mobile-driven sales are still a very small part of the total €217 billion global luxury market, retailers recognize that they are growing and are updating Internet strategies.

''Most advertisers started their digital journey with desktop digital devices and traditional websites,'' said Ravi Thakran, group president of LVMH Moët Hennessy Louis Vuitton for South Asia, Southeast Asia and the Middle East. ''Mobile is definitely a key tool in Southeast Asia markets. All of us have started to increase our pace in developing mobile sites or relevant apps to reach our consumers.''

Last year, Kering, formerly called PPR, whose brand portfolio includes Gucci, Bottega Veneta and Balenciaga, began to see mobile marketing as a necessity instead of a ''nice to have'' addition to traditional Internet marketing, said Federico Barbieri, the company's senior vice president of e-marketing.

Kering introduced sites optimized for users with smartphones and tablets. It also created new analytics dashboards, so each of its more than 20 brands could track online traffic by the type of device.

The data will help brands build websites and apps that are easy to browse on different models of smartphones and tablets, Mr. Barbieri said.

He noted that the challenges facing Kering's mobile developers included integrating high-quality product images that wouldn't slow navigation or download speeds.

"The website architecture, navigation and functionality must be designed with a totally different approach," Mr. Barbieri explained. "It's easier to adapt a mobile site to desktop than vice versa, for instance, even if I believe that going forward we will need a tailor-made approach by device."

Mr. Thakran says LVMH has used online videos optimized for mobile viewing in its Asian advertising campaigns. And the company's beauty brands, which include Sephora, BeneFit and Make Up For Ever, also have sponsored weather and photo sharing apps.

"Our customers will look for information anytime and anywhere, which will have a huge influence on their consumption behavior," he said. "However, in order to drive success in our overall communications, creating the best content for consumers is key. No media channel can work on its own."

"With the improvement of technology, we will also see mobile as not only a media device but a great customer-relationship management tool for advertisers," Mr. Thakran added. "It provides a closer and more intimate platform to send a dedicated message to our consumers."

In addition, he said, the way consumers respond to such messages may help brands to better understand customer dynamics and consumers' decision-making processes.

Luxury brand executives say that, along with tailoring online marketing campaigns to smartphones and tablets, they need to learn how to use the mobile devices to improve service and to form connections with individual consumers that are personalized but don't feel intrusive.

"Luxury companies have to offer these consumers a seamless experience across all devices and channels, from the way the shopping experience feels to the ability to pick up and return merchandise, regardless of how it was purchased," Ms. D'Arpizio said.

For F.J. Benjamin, a Singapore-based company that manages the retail operations of several luxury brands in Southeast Asia, including Céline and the watch company Girard-Perregaux, tablets already have become valuable in-store marketing tools.

Sales associates use them to visit brand websites and online catalogs, as well as keep track of individual shoppers' favorite styles or products.

"It's a simple, elegant way of getting brand information into the customers' hands at the time the customer is deciding on his or her purchase," said Ben Benjamin, general manager of F.J. Benjamin's luxury division.

"It's also a great way to link the product to the global fashion market," he added. "For example, we had a Givenchy customer who loved the fact that a well-known fashionista was photographed by paparazzi in a Givenchy blazer during Paris Fashion Week. It's a tool that allows us to bring the product alive."

During fashion weeks, he said, store employees reach customers by email or messaging apps like WhatsApp or BlackBerry Messenger to ask which items they are interested in, as well as their sizes and favorite colors. That information is relayed to F.J. Benjamin's buyers in Paris and Milan, and once the new items arrive in the stores, sales associates send product photos to their customers.

Though mobile devices allow stores to offer a high level of customized service, they also mean that retail teams have to strike a careful balance so they don't annoy V.I.P. customers with too many emails or instant messages, retail executives say.

F.J. Benjamin leaves it up to sales teams at each location to create strategies that are "very personalized and tailored to individual customers or individual groups of customers," Mr. Benjamin said.

But the fact that shoppers now have instant access to information makes it even more important for staff members to be knowledgeable about every product. In F.J. Benjamin's stores, for example, associates are expected to keep up with social media, their brands' own sites, blogs, sites like Style.com and reviews of individual products even before they arrive at the store.

"If consumers go mobile, your company must do the same. Otherwise the consumer will end up knowing more about your brand than your sales associates," Mr. Barbieri said.

 

Ms. D'Arpizio says that the increasing use of mobile Internet also raises the bar for luxury brands, requiring them as never before to ensure that each of their retail locations carries the right amount of the right products or risk losing customers to competing stores and brands.

"They have to get the execution right," she said. "If they can't follow through with a good shopping experience, the advertising and branding doesn't matter."

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The New York Times

SCENE CITY
Style Desk; SECTE
**A SoHo Housewarming Party**

By BOB MORRIS
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English


On Tuesday night, Alexander Wang, the new designer for Balenciaga, arrived for the opening of its SoHo store at 148 Mercer Street. It was heavy on the Italian green marble and limestone.

''I wanted it to convey a sense of timelessness and history,'' Mr. Wang said.

Guests admiring the vast and imposing space, which served as an architectural backdrop to Mr. Wang's first collection for Balenciaga, seemed to think he succeeded. One compared the 4,120-square-foot space to a bank vault. Another called it ''superluxury, like being in Paris.''

But timelessness and history can be tough to invoke in a former industrial neighborhood that became an urban shopping mall years ago. On the cobblestone street, which was closed to traffic and lined with towering hedges studded with peonies and roses, signs for Club Monaco, Versace, Vera Wang and Prada announced themselves like jealous siblings.

''For a while, everyone was dying to get out of SoHo to move to Chelsea,'' said Anne Slowey, Elle's fashion news director. ''And now they're moving right back again.''

But then, fashion and real estate trends are nothing if not in perpetual flux. That includes, of course, Balenciaga, whose former flagship store on West 22nd Street was shuttered by Hurricane Sandy a few days before its former designer, Nicolas Ghesquière, departed.

''Where will things go next? The Bronx?'' said Susan Gutfreund, who has been observing the recent uptick of hip in her own Upper East Side neighborhood.

Just as the store was filling up with industry insiders, Mr. Wang and a small entourage absconded for a private dinner across the street at the new Balenciaga men's store. Guests milled about looking for him and catching a glimpse of Julianne Moore, who wore pieces from Balenciaga's fall-winter 2013 collection.

Fresh-faced models including Hanne Gaby Odiele, a SoHo neighbor who modeled in Mr. Wang's first show for Balenciaga in Paris last February, and Julia Restoin Roitfeld, threaded the crowd. ''Vintage Alaïa,'' Ms. Roitfeld said of her outfit.

In the back of the store, Amy Sacco and Ondine de Rothschild tried on a black fringed Getaria hat, named for Cristóbal Balenciaga's birthplace in Spain.

''Very Coco Chanel,'' Ms. Sacco said.

''Or is it a lampshade?'' Ms. de Rothschild asked.

A bigger question -- would Kanye West show up as promised? -- permeated the after-party across the street at the Mercer Hotel, where the pop star was staying in between yelling, ''I am God!'' onstage at his Barclays Center concerts this week.

While young guests danced to the music of the D.J., Questlove, Mr. Wang, who is 29 and likes to party, jumped around like a club kid. Friends screamed his name.

''Waiting for Kanye?'' one asked him.

''He's right upstairs,'' Mr. Wang said.

The musician never showed. But the party, like the fashion house, endured.

Above, Alexander Wang, center, at the cocktail party to celebrate the opening of Balenciaga's new SoHo store; near right, Hanne Gaby Odiele, center; middle right, Anna Ewers, second from right, at the after-party at the Mercer Hotel; far right, Questlove was the D.J. at the after-party.; Julianne Moore, left; Julia Garner, below far left; and Amy Sacco, below. (PHOTOGRAPHS BY ELIZABETH D. HERMAN FOR THE NEW YORK TIMES)

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The New York Times

Business/Financial Desk; SECT
**Sony Entertainment Is Said to Hire Bain & Company for Cost-Cutting**

By BROOKS BARNES
271 words
19 November 2013
The New York Times
NYTF
The New York Times on the Web
English


LOS ANGELES -- Sony Entertainment, under pressure to make its moviemaking operation more profitable, has hired Bain & Company to help it identify $100 million or more in additional overhead cuts, a move that would almost assuredly result in layoffs, according to people with knowledge of the matter.

These people, who spoke on the condition of anonymity because of the sensitivity concerning cost-cutting, said that Michael Lynton, chief executive of Sony Entertainment, planned to mention Bain's involvement in the studio's affairs at an investor meeting on Thursday at the company's Culver City, Calif., film lot.

Charles Sipkins, a Sony spokesman, declined to comment aside from a statement: ''As part of a nearly four-year process of increasing financial discipline, Sony Pictures is conducting a review of its business to identify further efficiencies. Our object is, and always has been, to operate an efficient studio that is uniquely positioned to capitalize on further growth opportunities.''

Mr. Lynton has worked to speed up cost-cutting efforts since the company came under strong criticism in the spring from the activist investor Daniel Loeb, who owns about 7 percent of Sony through his Third Point hedge fund. Sony has reduced spending on movie advertising, for instance, and in September fired its film marketing president.

After a dismal summer with disappointing returns for films like ''White House Down'' and ''The Smurfs 2,'' Sony's box office fortunes have perked up lately with hits like ''Captain Phillips'' and ''Cloudy With a Chance of Meatballs 2.''

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Cars; SECT
**News From the Advertising Industry**

By STUART ELLIOTT
1,346 words
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The New York Times
NYTF
The New York Times on the Web
English


Accounts

â– Nissan Motor has begun a review for the worldwide creative account of its Infiniti luxury division, which has been handled since 1998 by TBWA Worldwide, part of the Omnicom Group. TBWA, which is taking part in the review, is also the longtime creative agency for the Nissan car line sold by Nissan. Although billings were not disclosed, Nissan Motor spends more than $200 million a year to advertise Infiniti in American media.

â– Puma chose JWT New York, part of the JWT unit of WPP, as its worldwide lead creative agency. Billings were not disclosed. The assignment was previously handled by Droga5, New York.

â– Alpina Foods, Batavia, N.Y., part of the Colombian company Alpina, named Innocean USA, Huntington Beach, Calif., part of the South Korean agency Innocean Worldwide, to handle its first major American advertising initiative. Billings were not disclosed. A campaign for Greek yogurts from Alpina Foods is scheduled to be introduced in February 2014.

People

â– Luca Lindner, president for the Americas, the Middle East and Africa at the McCann Worldgroup, New York, part of the Interpublic Group of Companies, was promoted to president for the McCann Worldgroup, a new post. His promotion came a month after Gustavo Martinez, president for Europe and Asia at the McCann Worldgroup, said he would leave to join JWT, part of WPP. The promotion makes it clear that Mr. Lindner is now the No. 2 executive at the McCann Worldgroup under Harris Diamond, chief executive.

â– Buz Sawyer, chief executive of Cheil North America, New York, part of the South Korean agency Cheil Worldwide, will leave at the end of the year, Cheil Worldwide said, and his post will not be filled. In a statement, Mr. Sawyer said he would expand his duties as nonexecutive chairman at Hyper Island, a school specializing in digital training. Mr. Sawyer's departure follows that of two senior executives whom he hired.

â– Rob Reilly, partner and worldwide chief creative officer at Crispin Porter & Bogusky, part of MDC Partners, is leaving, the agency said, to pursue new ventures, along with his wife, Laura Bowles, partner and managing director. Mr. Reilly's post will not be filled, according to Andrew Keller, chief executive of Crispin Porter, who said the agency's individual offices -- in Boulder, Colo.; Miami; Gothenburg, Sweden; London; and Los Angeles -- would have increased creative autonomy. They will report to Mr. Keller, who until being named chief executive in 2010 was co-executive creative director of the agency with Mr. Reilly.

â– Pam Hamlin, president for the Boston headquarters of Arnold Worldwide, part of the Havas Creative division of Havas, was promoted to global president, assuming duties from Robert LePlae, global chief executive, who is leaving, the agency said, to pursue other interests. The announcement of Mr. LePlae's departure came soon after Arnold lost its Volvo creative account to the Grey Group unit of WPP.

â– Alex Crowther joined the Detroit office of Carat, part of Aegis Media, as global client president for the General Motors account, succeeding Steven Feuling, who will assume a new role and move to the Carat office in San Francisco, the agency said. Mr. Crowther was chief executive for Asian-Pacific operations at MediaCom, part of the GroupM unit of WPP. Aegis Media is part of the Dentsu Aegis Network division of Dentsu.

â– Susan Duffy joined McCann Regan Campbell Ward, New York, as president, as part of an expansion of the agency in North America. She will take over day-to-day operational duties from Maureen Regan, who continues as chairwoman. Ms. Duffy most recently was a senior vice president at the Omnicom Group, New York, focused on the agency holding group's worldwide health care businesses. McCann Regan Campbell Ward is part of the McCann Health division of the McCann Worldgroup, which is owned by the Interpublic Group of Companies.

â– Corey Sistrunk, a design principal at Rapt Studio, San Francisco, was promoted to president, a new post.

â– Marion O'Grady joined Animals Inc., Washington, a digital media company affiliated with the Association of Zoos and Aquariums, as chief revenue officer, a new post. She most recently was advertising director at The New York Times.

â– Stephen Quinn, executive vice president and chief marketing officer at Walmart, will serve as chairman of the Association of National Advertisers' Alliance for Family Entertainment, a coalition that includes Walmart. The alliance previously was led by an executive committee or a rotating group of co-chairmen and co-chairwomen; Mr. Quinn is the first official chairman.

Miscellany

â– Advertising spending in the United States declined 1.9 percent in the third quarter compared with the same period last year, the Kantar Media unit of WPP reported, the first time there has been a quarterly decline since the fourth quarter of 2011, when American ad spending fell 1 percent compared with the fourth quarter of 2010. Kantar Media attributed the third-quarter decline to a difficult comparison with the third quarter of 2012, during which there was robust spending on ads related to the Summer Olympics and the November elections. For the first three quarters of 2013, Kantar Media said, American ad spending rose 0.7 percent from the year-earlier period. In the third quarter, some media categories grew despite the overall decline, according to Kantar Media. They included Internet display ads, up 14.5 percent; outdoor ads, up 5.5 percent; and magazine media, up 4.3 percent. Media categories that fell in the third quarter included television media, down 6.2 percent from the third quarter of 2012; radio media, 4.8 percent; and newspaper media, 3.5 percent.

â– There is additional information about some of the 43 advertisers that are buying commercial time during Super Bowl XLVIII on Feb. 2, 2014, which Fox Broadcasting said recently was already sold out. Two advertisers that sponsored previous Super Bowls said they would return for Super Bowl XLVIII: Audi, part of Volkswagen, which has bought a 60-second spot for the 2015 Audi A3, and the Axe line of men's grooming products, sold by Unilever. They will be joined by Chobani yogurt, making its debut as a Super Bowl advertiser; Chobani will face off in a ''Greek yogurt bowl'' with Dannon Oikos yogurt, which advertised in 2012 and will return in 2014. Also, Hyundai, which previously disclosed that it would advertise during Super Bowl XLVIII, discussed some of its plans: The company is buying two 30-second spots in the game, one for the 2015 Genesis in the first quarter and one for the 2014 Elantra in the fourth quarter. Other commercials in the game have been bought by Anheuser-Busch InBev, Butterfinger, Cheerios, Chevrolet, Walt Disney Pictures, Doritos, GoDaddy, Intuit, Jaguar, Kia, Mars, Paramount Pictures, PepsiCo Americas Beverages, SodaStream, Sony Pictures and Wonderful pistachios.

â– YouTube, part of Google, said the top-trending ad at youtube.com in 2013, among those that were run as TrueView ads, was ''Baby & Me,'' for Evian, with 67.6 million views, followed by ''Real Beauty Sketches,'' for Dove, with 60.6 million, and ''Child of the '90s,'' for Microsoft, with 48 million views. ''Baby & Me'' also finished fifth on the list of the top 10 trending videos of 2013 of any type; No. 1 on that list was the music video for ''The Fox (What Does the Fox Say?)'' by Ylvis, with 281.4 million views.

â– Verilogue, Horsham, Pa., an agency specializing in health care analytics, was acquired by the Publicis Groupe, Paris. Financial terms were not disclosed. Verilogue will operate autonomously as part of the Publicis Healthcare Communications Group division of the Publicis Groupe.

â– Genesis Media Holdings, New York, which owns companies in the media representation field, acquired Commercial Media Sales, Pittsburgh, which represents radio stations for ad sales in small and medium-size markets. Financial terms were not disclosed. Roger Rafson, who founded Commercial Media Sales, joined Genesis to oversee a new political ad sales effort.

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The New York Times

Business/Financial Desk; SECTB
**Lululemon Posts a Profit, But Lowers Yearly Forecast**

By ELIZABETH A. HARRIS
492 words
13 December 2013
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Late Edition - Final
3
English


Lululemon Athletica has had a rough year, and the company said on Thursday that it did not expect it to end on a high note.

The company, which makes yoga and athletic wear, announced its third-quarter earnings, lowering its yearly forecast and saying that it expected same-store sales to be flat in the fourth quarter, which includes the holiday shopping season.

Despite experiencing growth in the third quarter, news of the forecast sent the company's stock down almost 12 percent.

''This so far has been a year of challenges, learning and growth for Lululemon,'' Christine Day, the chief executive, said in a statement, ''and while our outlook for the fourth quarter is being impacted by both macro and execution issues, I believe that the investments we are making in the business combined with the team in place create a strong platform for growth in the years ahead.''

Troubles began for the company, based in Vancouver, British Columbia, early this year, when yoga pants made of a fabric called Luon, used to make 17 percent of its pants for women, were found to be too sheer. This started an avalanche of complaints, ridicule and, eventually, a costly recall and a shareholders' lawsuit accusing the company of concealing the problems.

''The fabric used was very thin, overly translucent,'' the suit said, ''and essentially rendered the yoga pants see-through when wearers bent over -- which is what those who wear yoga pants do.''

While trying to explain quality problems in an interview, Lululemon's founder, Dennis J. Wilson, incited a storm of outrage when he said that some women's bodies ''just actually don't work'' in yoga pants.

In a conference call on Thursday, John E. Currie, Lululemon's chief financial officer, said that in addition to a difficult retail environment, problems with Luon and with public relations had most likely hurt the company.

Lululemon reported a profit of $66.1 million, or 45 cents per diluted share for the quarter that ended Nov. 3, up from $57.3 million a year ago. Analysts had expected earnings of 41 cents a share, according to Thomson Reuters. Revenue increased 20 percent, up to $379.9 million.

But the company also lowered its revenue projection for the year to $1.60 billion to $1.61 billion, down from $1.625 billion to $1.635 billion projected at the end of the second quarter.

Lululemon stock closed at $60.39, down $7.96, or 11.6 percent, on Thursday. Earlier this year, the share price reached about $82.

On Tuesday, the company announced that Mr. Wilson would step down as chairman, to be succeeded by Michael Casey. Lululemon also announced Tuesday that Laurent Potdevin, most recently president of Toms Shoes, would become the new chief executive, replacing Ms. Day, who announced in June that she planned to resign.

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
**Joint Venture**

By NEIL GOUGH
623 words
10 December 2013
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7
English


HONG KONG -- In a major push into the logistics business, the Chinese e-commerce giant Alibaba Group said on Monday that it would invest around $360 million in the Haier Group, one of China's biggest manufacturers and distributors of household appliances.

The deal calls for the two companies to set up a joint-venture logistics business, bringing together Alibaba's huge online retailing platform and client network with Haier's logistics unit, Goodaymart, which has an especially strong presence in China's smaller inland cities and provinces.

Shares in Haier's Hong Kong-listed unit, the Haier Electronics Group, rose as much as 20 percent in early trading on Monday on news of the deal before giving up some of the gains to close up 13 percent.

''Alibaba Group is honored to join with Haier Group to create this platform that will equip China's manufacturing industry with enhanced nationwide and global access,'' Jack Ma, Alibaba's founder and executive chairman, said in a statement.

Companies around the world are responding to the rapid growth of Internet retail by seeking ways to deliver goods more quickly to buyers.

Last week, Jeff Bezos, the founder of Amazon.com, proposed using drones to deliver packages to customers in the United States.

Other companies, including United Parcel Service and Google, are considering using drones for delivery, too, but are also working on ways to provide so called on-demand delivery.

For Alibaba, which is considering an initial public offering in New York that analysts say could make it one of the world's most valuable Internet companies, one of the strongest selling points to the deal with Haier is a stronger distribution network for the goods that are sold on Tmall.com, its popular business-to-consumer platform.

Alibaba says more than 70,000 international and Chinese brands have already set up digital storefronts on Tmall.com, where transaction volumes in 2012 surpassed 200 billion renminbi, or about $33 billion, and hit a single-day global record of 35 billion renminbi on Nov. 11 this year -- a day celebrated in China as ''Singles' Day,'' which is now a nationwide shopping event.

The deal gives Tmall.com access to Goodaymart's extensive network in China, which includes nine shipping bases and more than 21 million square feet of warehouse space.

Haier says Goodaymart runs logistics and distribution sites in more than 2,800 counties across China and operates more than 17,000 service points.

Haier, which in September sold a 10 percent stake in itself to the private equity firm Kohlberg Kravis Roberts & Company, is best known for selling white goods, like a washing machine that also washes potatoes.

But it is Haier's logistics and distribution business, which handles both its own products and those of competitors, that today accounts for most of its sales.

This business line, which Haier Electronics refers to as integrated channel services, reported revenue of 26.6 billion renminbi in the first six months of this year, up 11 percent from the period a year earlier.

Alibaba's total investment in Haier is worth 2.82 billion Hong Kong dollars, or $364 million, and consists of several transactions. The company will pay 965 million dollars for new shares, representing a 2 percent stake in Haier Electronics.

Alibaba will also pay 541 million dollars for a 9.9 percent stake in Goodaymart, and 1.32 billion dollars for convertible bonds issued by Goodaymart that will lift its total stake in the logistics business to 24.1 percent once the notes are converted into shares.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECT
**Former Clinton Aide Joins News Corp. as Communications Chief**

By RAVI SOMAIYA
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The New York Times
NYTF
The New York Times on the Web
English


News Corporation announced on Wednesday that Jim Kennedy, a veteran political operative who has worked closely with Bill and Hillary Rodham Clinton in a range of roles in the White House and elsewhere, will join the company as its chief communications officer.

Mr. Kennedy, who most recently worked for Sony Corporation of America, will be responsible for ''global corporate communications and media relations initiatives and strategy,'' starting next week, News Corporation said in a statement.

He had previously been an assistant to the president and a spokesman in the Clinton White House, and head of communications for Mrs. Clinton when she was a senator from New York. He also worked at the Clinton Foundation.

Mr. Kennedy is not the first Clinton confidant to make the jump to Rupert Murdoch's News Corporation. Gary Ginsberg, a former lawyer in the Clinton White House, was hired as its director of communications in 1999. He became an important link between Mr. Murdoch, who has been viewed as conservative in his politics, and Democratic politicians. Mr. Ginsberg left News Corporation in 2009, and joined Time Warner in 2010.

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The New York Times

Business/Financial Desk; SECTB
**Gloomy Numbers for Holiday Shopping's Big Weekend**

By ELIZABETH A. HARRIS; Alan Blinder and Ken Maguire contributed reporting.
1,195 words
2 December 2013
The New York Times
NYTF
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1
English


It was a cold, clear day in Leesburg, Va., and a security guard at an outlet mall there said the midmorning crowd was similar to that of a typical busy Saturday.

But an ordinary day it was not. It was Black Friday, traditionally the biggest shopping day of the year.

With the economy bumping along at a lackluster pace, and this year's shorter-than-usual window between Thanksgiving and Christmas, sales and promotions began weeks before Thanksgiving Day, making this holiday shopping season more diffuse than ever. That left Black Friday weekend itself, the season's customary kickoff, looking a bit gloomy.

Over the course of the weekend, consumers spent about $1.7 billion less on holiday shopping than they did the year before, according to the National Retail Federation, a retail trade organization.

''There are some economic challenges that many Americans still face,'' said Matthew Shay, the chief executive of the retail federation. ''So in general terms, many are intending to be a little bit more conservative with their budgets.''

More than 141 million people shopped online or in stores between Thursday and Sunday, according to a survey released Sunday afternoon by the retail federation, an increase of about 1 percent over last year. And the average amount each consumer spent, or planned to spend by the end of Sunday, went down, dropping to $407.02 from $423.55. Total spending for the weekend this year was expected to be $57.4 billion, a decrease of nearly 3 percent from last year's $59.1 billion.

The holiday season generally accounts for 20 to 40 percent of a retailer's annual sales, according to the federation, and Thanksgiving weekend alone typically represents about 10 to 15 percent of those holiday sales.

This year, in the scramble to get to shoppers early, retailers tempted buyers with pre-Thanksgiving deals, both in stores and online. On Walmart.com, for example, the holiday season started Nov. 1. And according to the retail federation, 53.8 percent of shoppers surveyed in the first week of November said they had already started their holiday shopping.

John D. Morris, an analyst at BMO Capital Markets, said that aggressive promotions the day before Thanksgiving may also have taken some sales from the Black Friday weekend.

''There were a lot of advertised sales that were bleeding into Wednesday this year,'' Mr. Morris said. ''Sales were being pulled forward.''

On Sunday, the retail federation pointed to the season's early start, with holiday sales going as far back as October, and said it still expected that sales this holiday season would grow 3.9 percent over last year, despite the year-over-year decline of Black Friday weekend. They also said that altercations involving shoppers in stores on Black Friday seemed to decline this year, despite a number of videos of physical confrontations that attracted widespread attention online and in various news media reports.

Many retailers have been warning of a muted holiday shopping season. Walmart and Target both trimmed their yearly forecasts recently, citing economic factors like slow wage growth, unemployment and sliding consumer confidence. Executives at Best Buy cautioned that intense price competition on some items during the holidays was likely to affect their bottom line, despite its healthier performance recently.

Data from the research firm ShopperTrak, which collects data from more than 700 retailers, painted a more optimistic picture of Thanksgiving Day and Black Friday shopping in brick-and-mortar stores. (The data, released Saturday, did not include shopping online or any shopping done over the weekend.)

ShopperTrak found that sales were off 13.2 percent on Black Friday. But more stores were open on Thanksgiving this year, and for longer hours, and the combined sales on Thursday and Friday were actually up 2.3 percent over the same two days last year.

''The Thursday store openings did well,'' said Bill Martin, ShopperTrak's founder. ''But a lot of it was at the expense of Black Friday.''

And while sales increased for the two-day period, he continued, there are additional costs associated with being open on Thanksgiving, like holiday pay for employees.

''Thursday is going to be a tough day to make any profit,'' Mr. Martin said.

The retail federation's survey found that Black Friday shopping grew a bit, rising to more than 92 million people this year from nearly 89 million people last year, including online and physical stores.

Online sales grew substantially on both Thanksgiving and Friday this year, up nearly 20 percent Thursday and almost 19 percent on Friday, according to IBM Digital Analytics Benchmark, which tracks about 800 retail websites in the United States. Mobile traffic was also up substantially, accounting for nearly 40 percent of all online activity on Friday, said Jay Henderson, the strategy director for IBM Smarter Commerce, which put out the online retail data. ''That's pretty staggering,'' he said. ''You hear a lot about the year of mobile, and this is probably the fifth annual year of mobile. But 40 percent of all traffic feels like a tipping point.''

Mobile sales accounted for about 26 percent of total online sales on Thursday and nearly 22 percent on Friday. On both days, IBM saw a late surge in online shopping, presumably as people finished spending time with their families and snuggled up on the couch with their credit cards.

Smartphones accounted for about 25 percent of traffic on Friday, in contrast to over 14 percent from tablets. But actual purchasing came predominantly from elsewhere. Tablets made up about 14 percent of online sales, compared with about 7 percent for smartphones.

''You tend to see that a lot of smartphone traffic is predominantly during the day,'' Mr. Henderson said. ''People are out and about in stores, comparing prices and looking for ratings and reviews. Tablets start to take hold late in the afternoon and in the evening.''

Despite all this growth, online purchases remain a very small portion of retail sales. Mr. Martin of ShopperTrak said that more than 90 percent of all United States retail commerce still takes place in physical stores.

While many people proved perfectly willing to head to the mall on Thanksgiving Day, for some, two days in a row of Black Friday-style shopping was just a bit too much.

Melvina Bolston, 48, ventured to a Walmart on Thanksgiving, waited 85 minutes in a checkout line, and was back in the fray on Friday at her sister's behest, at an open-air shopping center in Norcross, Ga.

''You can pretty much put it in the books: I will never do it again,'' Ms. Bolston said. ''This is like torturing yourself on purpose.''

Perhaps next year, she will just shop online instead.

Shoppers browsing coats on Black Friday at a Macy's store in Chicago. The day's overall retail sales fell compared with 2012. (PHOTOGRAPH BY ANDREW NELLES/ASSOCIATED PRESS) (B1); Shoppers on the day after Thanksgiving, traditionally retailers' busiest day, in Troy, Mich. (PHOTOGRAPH BY JOSHUA LOTT/GETTY IMAGES) (B3)

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The New York Times

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**Pepsi Deal Underscores An Emphasis On Snacks**

By STEPHANIE STROM
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1
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In an unusual deal that goes far beyond the soda wars, PepsiCo is to announce on Thursday that it is unseating Coca-Cola as the beverage supplier to one of the nation's hottest restaurant chains, Buffalo Wild Wings.

The deal, which will start with the introduction of Pepsi, Mountain Dew and other drink brands in the new year, is the biggest sign so far of how PepsiCo is deploying its thriving snacks business and Quaker, which it also owns, to offset declines in its traditional soda business.

''You've got to get in the door with great beverages,'' said Kirk Tanner, president of PepsiCo's food service business, which supplies restaurants and other institutions with the company's products. ''But what this partnership does is give Buffalo Wild Wings a full access pass to all that PepsiCo has to offer.''

That means items on the restaurant menus might someday include a Dorito-crusted wing or a Mountain Dew cocktail. While details for how to marry their varied palates are still in the discussion stages, the two companies envision blends that include things as diverse as chip-flavored dishes and sports celebrity appearances fostered by PepsiCo's sports affiliations.

The clientele of Buffalo Wild Wings, a sports bar and grill, fits rather neatly with some of PepsiCo's products, the companies point out. The chain is especially popular among men, particularly young men who also tend to be the biggest drinkers of Mountain Dew, perhaps the only major carbonated soda that still generates rising sales.

And the deal also allows Buffalo Wild Wings to capitalize on PepsiCo's relationships with major sports organizations like the National Football League and Major League Baseball.

''We might be able, say, to utilize some proprietary films these groups have and show them in the restaurants,'' said Sally J. Smith, the chain's chief executive. ''Pepsi also has relationships with players and entertainers, and they might make appearances in the restaurants.''

Ms. Smith and Mr. Tanner said they were especially excited by the opportunities to increase engagement with consumers through fantasy football, which already has had tremendous marketing benefits for both companies. ''We can bring new ties between their customers playing fantasy football and the N.F.L.,'' Mr. Tanner said. ''And we can get players to pick favorites from the menu. There's a lot we can do together.''

PepsiCo declined to release the value of the partnership.

PepsiCo's chief executive, Indra K. Nooyi, has stressed the importance of PepsiCo's other businesses besides its soda division, given that sales of carbonated soft drinks have declined rather steadily over the last decade as health-conscious Americans choose other drinks. And bottled water sales, though strong, are not high enough for PepsiCo, or other prominent soda businesses, to fully recoup those losses.

''We see tremendous opportunities to leverage PepsiCo's diverse food and beverage portfolio in ways that benefit both companies,'' Ms. Nooyi said in a statement about the deal with Buffalo Wild Wings, ''through exciting innovations, unique customer engagement programs and powerful brand activations tied to sports and entertainment.''

Stephen Kalil, PepsiCo's executive chef, accompanied Mr. Tanner and other executives on a visit with Buffalo Wild Wings to help explain how the company's food businesses might mesh.

And Buffalo Wild Wings executives visited PepsiCo's innovation center in Westchester County, N.Y, where they were treated to what the restaurant chain's chief executive called ''some incredible food combinations.''

''They have some incredibly creative culinary innovation, and we're taking a look at Doritos, Tostitos, Ruffles and Fritos, which fit up very well with our demographic,'' Ms. Smith said. ''We would love to do something there, maybe incorporating a flavor profile or sauce profile in our menu.''

They are taking a cue from the extraordinarily popular Doritos Locos Tacos spawned from PepsiCo's teaming up with Taco Bell. It became the biggest product introduction in the restaurant chain's history, racking up more than $1 billion in sales as of this fall.

''We sure have looked at that,'' Ms. Smith said. ''Not that lightning will strike twice, but we have that young demographic that craves that kind of crunch and spiciness as well.''

Ms. Smith said the restaurant chain had been satisfied with its relationship with Coca-Cola but that its contract with PepsiCo's archrival was nearing its end. ''We had poured Coca-Cola for a number of years, and together with our franchisees, we thought it was important to go out and have a look at what the options are.''

A Buffalo Wild Wings in Cincinnati. The chain will add PepsiCo items, maybe Dorito-crusted wings or a Mountain Dew cocktail. (PHOTOGRAPH BY TONY TRIBBLE/INVISION FOR BUFFALO WILD WINGS, VIA ASSOCIATED PRESS); Stephen Kalil, PepsiCo's executive chef, will have new ingredients to work with. (PHOTOGRAPH BY THOR SWIFT FOR THE NEW YORK TIMES) (B6)

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The New York Times

Business/Financial Desk; SECTB
**Study Finds Federal Contracts Given To Flagrant Violators of Labor Laws**

By STEVEN GREENHOUSE
983 words
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A new congressional report criticizes the federal government for awarding tens of billions of dollars in contracts to companies even though they were found to have violated safety and wage laws and paid millions in penalties. Issued on behalf of the Democratic senators on the Health, Education, Labor and Pension Committee, the report cited examples over the past six years.

For instance, Imperial Sugar had $94.8 million in federal contracts last year, even though it paid $6 million in safety penalties over a 2008 factory explosion in Georgia that killed 14 workers. The report also noted that the federal government had awarded $4.2 billion in contracts to Tyson Foods since 2000, even though Tyson has faced more than $500,000 in safety penalties since 2007 and 11 of its workers have died on the job since 1999.

The report urges the government to weigh a company's safety and wage violations more closely as it awards contracts, which are about $500 billion a year to companies employing 26 million workers, representing 22 percent of the nation's work force. It stops short of recommending automatic suspension of contracts or debarring contractors that were found to have violated federal laws, partly because government agencies were sometimes at fault, a committee staff member said.

''Taxpayer dollars are routinely being paid to companies that are putting the livelihoods and the lives of workers at risk,'' the report said. ''Many of the most flagrant violators of federal workplace safety and wage laws are also recipients of large federal contracts.''

According to the report, 18 federal contractors -- including Imperial Sugar -- were among the recipients of the largest 100 penalties issued by the Occupational Safety and Health Administration from 2007 to 2012. The report found that 32 federal contractors were among the leading companies in the amount of back pay assessed for wage violations between 2007 and 2012.

''Overall, the 49 federal contractors responsible for large violations of federal labor laws were cited for 1,776 separate violations of these laws and paid $196 million in penalties and assessments,'' the report said. ''In fiscal year 2012, these same companies were awarded $81 billion in taxpayer dollars.''

The report, commissioned by the committee's chairman, Tom Harkin, Democrat of Iowa, recommended that the Labor Department improve the quality of information it provides about violations, and urged the agency to publish an annual list of federal contractors, showing the penalties they faced and their rate of compliance with wage and safety laws.

In addition, the report called on the president to require contracting officers to consult with the Labor Department to determine whether the contractor meets ''responsibility'' standards to qualify for federal contracts.

''The administration is committed to ensuring that our government is doing business only with contractors who place a premium on integrity and good business ethics,'' said Steve Posner, a spokesman for the Office of Management and Budget. He added, ''We have taken aggressive steps to hold contractors accountable.''

The dollar value of federal contracts for services -- whether weapons development, janitorial work or health services -- has tripled, to $307 billion in 2012, since 2000, according to the report.

Gary Mickelson, a spokesman for Tyson Foods, which provides poultry, meat and other products to the agriculture and defense departments, said, "We don't want anyone hurt on the job, so we're continually promoting the importance of safety among the 115,000 people we employ."

The committee report described five fatal episodes since 1999 in which Tyson workers died, including one in September 2009 in which an employee was cleaning grain buildup when the ladder he was using slipped and fell. The smooth metal floor of the grain bin was covered in grain dust and debris. In December 2010, a Tyson employee died when a full corn silo collapsed, engulfing him in nine million pounds of corn.

Mr. Mickelson said: "We cooperated with government safety officials and took corrective measures. Providing a safe work environment for our team members is one of our company's core values."

An employee at Imperial Sugar's headquarters in Sugar Land, Tex., referred calls to its parent company, the Louis Dreyfus Group. Officials at Louis Dreyfus did not respond to several phone messages.

The Senate committee's staff noted that the Management and Training Corporation, a Utah-based company that runs private prisons, had $347.8 million in federal contracts last year despite having to pay $21 million in back pay because of wage violations.

Issa Arnita, a spokesman for Management and Training, said that problem arose because the federal agency, Immigration and Customs Enforcement, had failed to explain to the company that it was required to pay higher wages under federal law at a detention center in Texas.

In 2010, the Obama administration was considering a plan in which it would, when awarding contracts, have given preference to companies that provided their workers with what it deemed good wages and benefits. But that plan was sidelined.

An aide on the committee said that the Obama plan aimed to give "gold stars to high road companies," while the new report was aimed at ensuring compliance.

The report noted that the oil company BP seemed to face no limitations on its ability to obtain federal contracts after the 2005 fatal explosion that killed 15 workers at a refinery in Texas City, Texas. BP has paid more than $20 million in fines for safety violations there.

But BP was suspended from receiving federal contracts for at least 18 months after the Deepwater Horizon explosion in April 2010, which killed 11 workers and spread oil in the Gulf of Mexico.

The report voiced dismay that a major database on federal contractors contained no allegations of misconduct about BP related to the Deepwater Horizon and Texas City explosions.

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The New York Times

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**New Leadership for Lululemon in Management Shake-Up**

By ELIZABETH A. HARRIS
950 words
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1
English


Perhaps going on television and suggesting that women with large thighs were not the ideal customer -- at least when it comes to yoga pants -- would never be considered advisable for the top executive of an athletic wear company.

But those remarks just a month ago by Lululemon Athletica's founder, Dennis J. Wilson, caused an uproar and capped a troubled year for the retailer as Mr. Wilson tried to explain problems with a sizable, costly recall of yoga pants.

Two days before the company was to report its third-quarter earnings, Lululemon announced on Tuesday that he would step down from his position as chairman of the board of directors, although he remains on the board. Michael Casey, the lead director, will replace him as chairman, and Laurent Potdevin, who was most recently the president of TOMS Shoes, was named to take over as chief executive from Christine Day, who announced in June that she would be resigning.

A Canadian company that sells workout clothing like sports bras, jackets and yoga pants that are generally considered high quality and on the more expensive side, Lululemon has enjoyed considerable growth -- with revenue rising to $1.4 billion in the year ending last February. But it has faced stiffening competition in the category of athletic apparel, whose popularity is evident in the fields of stretchy fabrics now found at places like the Gap and elsewhere.

Although the company's stock price shot up during Ms. Day's tenure from about $15 a share in 2008 to about $82 before her announcement, it then dropped after a shareholders' lawsuit contended that the company was concealing problems with those yoga pants.

Made of a fabric known as Luon, the pants, which made up 17 percent of the retailer's bottoms for women, were discovered to be too sheer. But that was not learned until the pants were in stores, and the costly recall caused the retailer considerable embarrassment.

At the time, Ms. Day said that ''the truth of the matter is that the only way that you can actually test for the issue is to put the pants on and bend over.''

And some months later in November, as the company was trying to recover, an interview Mr. Wilson, who is known as Chip, gave to Bloomberg Television revived the controversy and seemed to make it worse. In response to a question about Lululemon's pants, which were said to pill quickly, Mr. Wilson said ''some women's bodies just actually don't work'' for yoga pants. The pilling, he said, was ''really about the rubbing through the thighs, how much pressure is there.''

His comments ricocheted around the web, were the target of ridicule and prompted him to issue a taped apology, which apparently failed to quell some worries that the company's reputation had faltered.

''So much of what consumers say is now heard by a company's leadership,'' said Marshal Cohen, chief industry analyst at the NPD Group, a retail research company. ''In the past, who was I going to complain to, my best friend? Big deal. Now, a complaint can become viral.''

Mr. Casey, in an interview, said that while the Lululemon founder would continue to be a presence, he was not a ''spokesman'' for the company. ''Chip is the founder of Lululemon, and that's certainly not going to change,'' he said.

He added that Mr. Wilson would continue the company mission against ''mediocrity.''

In 2011, the company made headlines with shopping bags emblazoned with ''Who is John Galt?'' The slogan is the opening line of Rand's novel ''Atlas Shrugged,'' which espouses free market capitalism and individualism.

And in 2007, the year Lululemon became a public company, The New York Times commissioned a laboratory test of a shirt made of VitaSea, a fabric that the company said was made with seaweed. The fabric ''releases marine amino acids, minerals and vitamins into the skin upon contact with moisture,'' the product labels said.

But, in fact, the shirts were made of cotton. No evidence of seaweed was found in that test, or in others.

''If you actually put it on and wear it, it is different from cotton,'' Mr. Wilson said when told of the results. ''That's my only test of it.''

As far as how the retail company would move forward under new management, a few analysts questioned the choice of Mr. Potdevin, who began his career at LVMH and was chief executive of Burton Snowboards from 2005 to 2010.

Sam Poser, an analyst at Sterne Agee, said that Mr. Potdevin's background was in operations, not in retailing. Ms. Day, he said, ''had great instincts on the retail side, and not-as-great instincts on the operations side. I think they hired somebody who is almost the opposite.''

And even as Lululemon tried to pitch the conversation into its next phase, much of the initial response to its busy day of news centered on the past remarks of its departing chairman.

''We view Wilson's departure as chairman as a positive,'' Faye Landes, an analyst at Cowen and Company, said in a report to investors, ''because he is obviously considered something of a loose cannon.''

On Tuesday, the stock opened at $71.83 and closed at $69.12.

A Lululemon Athletica store in Miami. The retailer replaced its chairman and hired a chief executive on Tuesday. (PHOTOGRAPH BY JOE RAEDLE/GETTY IMAGES) (B1); A Lululemon store in Pasadena, Calif. At right, Laurent Potdevin who will be the new chief executive of Lululemon. (PHOTOGRAPHS BY KEVORK DJANSEZIAN/GETTY IMAGES; DANIEL BERGERON) (B6)

Document NYTF000020131211e9cb0005k

 

THE GETAWAY
Travel Desk; SECTTR
**Knowing Which Buttons to Push**

By STEPHANIE ROSENBLOOM
1,301 words
8 December 2013
The New York Times
NYTF
Late Edition - Final
2
English


Many travel apps, while great in principle, are too complicated, wonky or simply not helpful enough to earn a spot on your smartphone home screen. Some, however, can make travel easier. And who doesn't want that during the frantic holiday season? Besides, now that smartphones can be used during takeoff and landing, there's no time like the present to turn yours into a personal travel assistant. So whether this season's travels take you up in the air or on the road, here are a few of my favorite apps to make the journey smoother.

FREE WI-FI FINDER. You're touring an unfamiliar city and in need of Wi-Fi -- make that free Wi-Fi. With the tap of a button, this app (also free) uses your smartphone's GPS to find nearby public Wi-Fi hot spots, be it at a coffee shop, hotel or city park. You can filter the results, which pop up on a map (or in list form if you prefer) by ''venue type,'' such as bar, hotel or library. Tap one of the locations on the map (or list) and you'll be shown the address and directions to the hot spot. Free Wi-Fi Finder, which also allows you to search for a particular Wi-Fi spot, works in more than 100 countries, including the United States, Japan and Italy, and allows you to star favorites so you can easily find them again.

HEYWIRE. When traveling internationally, certain apps can save you money by enabling you to send text messages and photos without the usual phone company texting fees. WhatsApp is among the most popular, but another player, HeyWire, has some fun time-sucking features, like the ability to place digital stickers on the photos you've taken (who doesn't want to slap a propeller cap on their travel companion?). A ''meme'' button allows you to add bold, all-caps text to your photos. You can also post photos to Twitter or Facebook through the app. Texts between you and anyone else with HeyWire are free anywhere in the world. If the person you're texting doesn't have the app, international texting is still free to any smartphone in the United States and Canada and most phones in Mexico, the Caribbean and Central and South America. Everywhere else, regular text fees would apply. Keep in mind that wherever you are, you still need a data connection, like 3G or Wi-Fi, to send texts. (The app itself is free for the first year and 99 cents a year thereafter.)

When you download HeyWire, you're assigned a United States phone number, which is what people who don't have the app will see when you message them, so be sure to let them know it's you. Note to minimalists: HeyWire is cluttered with a few too many bells and whistles, and there are advertisements in the app (not in the texts you send). But hey, it's an inexpensive, entertaining way to stay in touch on the go.

HOTELTONIGHT. This free app enables you to find and book discounted same-day hotel rooms (thanks to unsold inventory) in more than 200 destinations worldwide. HotelTonight has been around for a few years, but it became more useful late last month when it began posting its daily deals at 9 a.m. local time, instead of noon. The app, which includes photos of the hotels and categorizes them (such as ''basic,'' ''hip,'' ''luxe''), is most helpful if you end up stranded in a city. For instance, if you find yourself stuck at Kennedy Airport this Christmas, you can select ''New York City -- Airports'' and find and book a room (up until 2 a.m. local time) without having to figure out which nearby hotels are available. (Speaking of airport snafus, many savvy travelers use the app FlightStats to track flights and keep abreast of delays and airport conditions.) HotelTonight occasionally turns up deals compelling enough to inspire a last-minute jaunt (you can't book a room in advance, but you can book it for more than one night). According to the site's executives, the lowest rates this holiday season can be had on Sundays, followed by Fridays.

IEXIT. We've all been there: driving on a freeway, hungry and in need of gas, a Starbucks, a Holiday Inn or all of the above. IExit enables you to push a button and see what's coming up at major exits. You can then view restaurants and stores in list form or on a map (the app cautions drivers to refrain from using iExit unless they pull over or have a fellow passenger be in charge). The ''lite'' version is free but has advertisements; a 99 cent version has no ads and enables you to set up alerts for food or lodging and to see 150 exits down the road (as opposed to just 10 exits in the ''lite'' version).

PINTEREST. The creators of this digital scrapbooking site and free app finally realized that throngs of people were using Pinterest to plan, track and reflect on their travel experiences. The result: a new feature called Place Pins that allows users to add to their virtual pinboards maps with pins that include details, addresses and phone numbers. They can then send those boards to friends to share favorite sights. Or, say you're touring Paris and snapping photos with your smartphone along the Champs-Élysées: You can immediately put those photos on a map with directions to each spot. So you're not just taking pictures -- you're creating a photo album-cum-map that will show you exactly where you were when you bought those macarons.

POCKET. Most of us browse content on multiple devices and bookmark or email ourselves things to read later when we're on an airplane, bus or in the back seat of a car. Pocket consolidates all of your digital reading material (articles, videos, images) in one spot -- and on a clean, minimalist interface. It syncs across your devices, and you don't need an Internet connection to read the content you send to Pocket. Tap the ''how to save'' button for a list of all the ways that you can send Pocket the things you wish to read later, be they links from web browsers, mobile browsers, your email inbox, Twitter or apps like Flipboard and Zite. It takes a few steps to set up, but once you do, you're on the road not just to your destination, but to digital organization.

UBER. Cabs can be hard to come by, especially in bad weather. Enter Uber, which makes ordering a black car or taxi on demand in more than 20 cities -- including New York, Paris, Berlin, Abu Dhabi and Tokyo -- as easy as ordering in dinner. Begin by downloading the app and adding your credit card or PayPal account information. When you want a ride, the app will pinpoint your location using your smartphone's GPS (and give you an estimate of how far away the closest car is), then select the type of car you want (like a black car or SUV). The app will show you your driver's name, photo and a way to get in touch. And you'll receive a text when it's arriving: no waiting on a street corner in the cold. Tips are included in the price (unless you select the taxi option) and a receipt will be emailed to you. (If Uber is not available where you're traveling, there are other taxi and car service apps you can try, like Hailo, Taxi Magic and MyTaxi.)

DRAWING (DRAWING BY JAYME MCGOWAN)

Document NYTF000020131208e9c800038

The New York Times

BUSINESS BRIEFING | COMPANY NEWS
Business/Financial Desk; SECTB
**Archer Daniels Midland Takeover Bid Rejected**

By REUTERS
77 words
29 November 2013
The New York Times
NYTF
Late Edition - Final
6
English


The Australian government rejected the proposed $2.6 billion takeover of GrainCorp by the American agricultural giant Archer Daniels Midland on Friday, bowing to pressure from grain growers in a surprising decision. Joe Hockey, Australia's treasurer, said he would not allow the A.D.M.-GrainCorp deal after Australia's Foreign Investment Review Board failed to reach a consensus recommendation.

Document NYTF000020131129e9bt0004c

The New York Times

Real Estate Desk; SECTRE
**On the Market**

By MICHELLE HIGGINS, ELSA BRENNER, JILL P. CAPUZZO and SUZANNE HAMLIN
117 words
24 November 2013
The New York Times
NYTF
Late Edition - Final
3
English


TriBeCa Condo

$2,475,000

MANHATTAN 395 Broadway #8C

A two-bedroom two-bath with a washer/dryer and central air-conditioning in a pet-friendly prewar elevator building with landmark status. Jane Powers, Douglas Elliman (212) 727-6134; elliman.com Open house Sunday, noon to 2 p.m.

COMMON CHARGE $662 a month; taxes: $1,171 a month

PROS This meticulously renovated unit has coved ceilings, custom built-ins, a high-end kitchen, and Duravit and Hansgrohe bath fixtures.

CONS The second bedroom is right off the dining area.

(PHOTOGRAPHS BY MARILYNN K. YEE/THE NEW YORK TIMES)

Document NYTF000020131124e9bo0007i

The New York Times

Business/Financial Desk; SECTB
**Marines Toughen Rules for Makers of Licensed Clothing**

By STEVEN GREENHOUSE
393 words
23 November 2013
The New York Times
NYTF
Late Edition - Final
2
English


The Marine Corps trademark licensing office has adopted tougher production standards for manufacturers that produce clothing items like sweatshirts emblazoned with Marine mottos or insignia, after the corps was stung by the discovery of a licensed company's designs in the rubble of a factory fire in Bangladesh a year ago.

Found among the debris after the Tazreen factory fire last year, which killed 112 workers, were patterns from one of its licensees for sweatshirts and other garments carrying Marine slogans like ''Semper Fidelis.''

The corps licensing office has issued a new policy requiring licensees that produce items in Bangladesh to certify that they are complying with the rules of a European-dominated group of retailers that is seeking to improve safety there. The Marine Corps chose that group instead of an American-led group, the Alliance for Bangladesh Worker Safety, which includes Walmart.

Labor rights groups and some Democrats in Congress have argued that the European-dominated group, the Accord on Fire and Building Safety in Bangladesh, will prove more effective in ensuring factory safety because labor unions are involved in its efforts and participating retailers have pledged to help pay for safety improvements in Bangladeshi factories.

Of the new policy, Jessica O'Haver, the office's director, said, ''It's the right thing to do.'' She added: ''Our bottom line is not how much money we can make on royalties. It's protecting the brand.''

The new rules say licensees doing business in Bangladesh must sign the accord, which has 112 members, or comply with its requirements. Ms. O'Haver said, ''We're upping our game, and we're insuring that our licensees and our supply chains do the same.''

Jeffrey Krilla, president of the American-dominated alliance, voiced disappointment at the new policy. ''It's unfortunate when any regulation or legislation calls out one action plan over the other,'' he said. He added that the alliance and the accord were collaborating and coordinating in numerous ways.

Representative George Miller of California, senior Democrat on the House Education and the Workforce Committee, praised the Marine Corps move. ''If you were going to look for some way to protect your brands,'' he said, ''then you would gravitate to the plan that provides you with the best protection.''

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The New York Times

Business/Financial Desk; SECTB

**Fujifilm Finds Niche With Old-Style Cameras That Mask a High-Tech Core**

By ERIC PFANNER; Joshua Hunt contributed reporting.
1,171 words
20 November 2013
The New York Times
NYTF
Late Edition - Final
3
English


TOKYO -- Like many professional photographers, Irwin Wong, who shoots pictures for Japanese magazines, relies on digital single-lens reflex cameras for the bulk of his work -- "bulk" being the operative word.

"It's a beastly camera to carry around," Mr. Wong said of his Nikon D800, which weighs 2.2 pounds, and a whole lot more when used in combination with a selection of interchangeable lenses. "You can't replace a DSLR for work. But it's just not that much fun."

To lighten his load, and to inject a bit of levity into his photography, Mr. Wong this year bought a new camera, the Fujifilm X-E1, to supplement his Nikon. He liked that one so much that he added another Fujifilm model, the X100S.

He is not the only member of the unofficial Fujifilm fan club. Over the last decade, as rival Eastman Kodak was descending toward bankruptcy -- it recently emerged from Chapter 11 proceedings -- Fujifilm was transforming itself from a maker of 35-millimeter film into a provider of digital imaging technologies.

These include a new line of digital cameras, the X series, that blend Fujifilm's digital technology with retro aesthetics reminiscent of cameras from 60 or 70 years ago. At a time when sales of other cameras are slumping, the X series is selling briskly.

"Fujifilm once looked a lot like Kodak," said Christopher Chute, an analyst at the International Data Corporation in Boston. "Based on some different decisions, they have gone in very different directions."

Fujifilm still makes film, but it now accounts for less than 1 percent of the company's sales. The entire imaging solutions division, which includes the company's cameras, generates a mere 13 percent of revenue. Most revenue comes from businesses like pharmaceuticals, medical equipment and office machines, in which Fujifilm has a partnership with Xerox.

Like other camera makers, Fujifilm has seen sales of low-end cameras suffer from the rise of the smartphone, which has put a basic point-and-shoot into every owner's pocket. Even sales of more expensive DSLRs, a business dominated by Nikon and Canon, have started to weaken this year. Analysts say a maturing of DSLR technology, which makes upgrades less essential, may be to blame.

The Camera and Imaging Products Association, a trade group whose members include Fujifilm, Nikon, Canon and other Japanese camera makers, says overall shipments of digital cameras plunged 39 percent in volume, and 26 percent in value, from January through September.

Camera makers have tried various things to stem the slide. Some have equipped cameras with smartphone-style features, including Wi-Fi and mobile operating systems like Android, so people can share photos more easily. Sony recently introduced a new kind of camera that clips onto a smartphone.

The X series is a different response. These cameras fit into a category called mirrorless, which has been a relative bright spot for the industry. Shipments of "nonreflex interchangeable lens" cameras, which include some of the Fujifilm X-series devices and other mirrorless cameras, declined only 13 percent in volume and 5 percent in value from January through September, the trade association said.

Fujifilm said in its most recent quarterly earnings announcement that sales of "such high-end models as the X series proceeded smoothly." The company says it has sold more than 700,000 X-series cameras since the first model, the X100, was introduced in 2011.

The name refers to the fact that these cameras do away with the internal mirror that, in reflex cameras, allows the user to compose through the lens while the shutter is closed. With mirrorless cameras, the photographer composes with the LCD screen or a separate viewfinder.

The concept is not entirely new. The venerable Leica rangefinder, which predates the SLR, is technically a mirrorless camera. But compact, digital mirrorless cameras are a more recent innovation. Along with Fujifilm, brands like Olympus, Sony and Nikon have also added mirrorless models to their lineups over the last few years.

Mirrorless cameras are considerably more expensive than point-and-shoot devices and even cost more than some DSLRs, though substantially less than professional models like the $3,000 Nikon D800. The Fujifilm X-E2, a recently introduced upgrade to the X-E1, costs about $1,000. As with the Nikon, that is for the body alone; lenses are extra.

Mirrorless cameras often have sensors that are as big as those in entry-level DSLRs and much larger than those in point-and-shoots, providing superior image quality. But they are considerably smaller and lighter than DSLRs. The X-E1, for example, tips the scales at a mere 12 ounces. The lenses, too, are more compact.

Along with professionals, so-called prosumers -- or consumers who spend hundreds of dollars a year, or more, on camera gear -- are giving mirrorless cameras a long look. While most mirrorless cameras are more popular in Asia than in Europe or the United States, analysts say, the Fujifilm X series seems to have attracted a global following.

"Someone who is looking at that kind of camera isn't going to be satisfied with a smartphone," said Jordan Selburn, an analyst at IHS iSuppli in Santa Clara, Calif. "Some of those people are not going to be happy lugging around a DSLR and a lot of glass, either."

While many mirrorless cameras simply look like smaller substitutes for DSLRs, Fujifilm took a different approach in the X series. With boxy, rectangular bodies and straight, cylindrical lenses, they resemble classic Leicas.

"Because of our heritage in film, picture quality was important, but picture quality is difficult to explain, so we needed something else," said Hiroshi Kawahara, a marketing manager in the Fujifilm camera division.

Instead of the array of buttons and software menus that have proliferated on many digital cameras, the X series uses simple dials to control functions like the aperture and shutter speed. As with DSLRs and point-and-shoot cameras, the functions can also be set automatically.

Masazumi Imai, the chief designer of the X series, explained at Fujifilm's headquarters here that the company interviewed professional photographers about their preferences on everything from the pebbled plastic that covers parts of the cameras to the color of the paint on the bodies. Almost a dozen different shades of silver were considered.

The goal was to give the cameras a certain gravitas, so professionals would give them a try.

"When we were little, when we went into our father's room or our grandfather's room, there was an important-looking camera on the shelf, and we were told not to touch it because it was valuable," Mr. Imai said. "We wanted to create that kind of look and feel."

Masazumi Imai, the designer of Fujifilm's retro-looking X series cameras, at the company's headquarters in Tokyo. (PHOTOGRAPH BY ERIC PFANNER/THE NEW YORK TIMES)

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The New York Times

Business/Financial Desk; SECT
**News From the Advertising Industry**

By STUART ELLIOTT
924 words
18 November 2013
The New York Times
NYTF
The New York Times on the Web
English


Accounts

â– Campari America, San Francisco, part of Gruppo Campari, chose Venables Bell & Partners, San Francisco, as the creative agency for Skyy vodka, which had been handled since its introduction in 1998 by Lambesis, San Diego. Spending, which was about $10 million a year, may be increased next year to $30 million.

â– Explore Minnesota Tourism decided to keep Colle & McVoy, Minneapolis, as its agency after a review that was precipitated by a significant increase in the agency's budget. Colle & McVoy, part of MDC Partners, has handled the account since 2010. The agency was awarded a year-to-year contract for a maximum total of five years. Spending for the first year was estimated at $7.5 million.

â– Supercuts, part of the Regis Corporation, Minneapolis, Minn., named Olson, Minneapolis, as agency of record. Spending was estimated at $7 million. The account was previously handled by the Chicago office of DDB Worldwide, part of the Omnicom Group.

â– Ascension Health Ministries of Michigan, part of Ascension Health, expanded its relationship with Embark Digital, part of Duffey Petrosky, Farmington Hills, Mich. Embark, which handles digital health care communications for St. John Providence Health System, Warren, Mich., will also handle those duties for all Ascension ministries in the state, adding Borgess Health, Kalamazoo; Genesys Health System, Grand Blanc; St. Joseph Health System, Tawas; and St. Mary's of Michigan, Saginaw. Billings were not disclosed. Duffey Petrosky is the agency of record for traditional advertising and marketing communications for Ascension Health Ministries.

People

â– Lee Garfinkel joined Draftfcb, part of the Interpublic Group of companies, as chief executive of Draftfcb New York, working with Javi Campopiano, chief creative officer of Draftfcb New York. Mr. Garfinkel assumes duties from Debra Coughlin, who had been serving as general manager for New York as well as executive vice president and global chief marketing officer for the agency; Ms. Coughlin will cease her New York duties and continue in her other post. Mr. Garfinkel was co-chairman at Havas Worldwide New York and chief creative officer for global brands at Havas Worldwide, which are part of the Havas Creative division of Havas.

â– Steve Minichini, president at TargetCast TCM, New York, was named chief innovation and growth officer, a new post. The agency is part of the Maxxcom Global Media division of MDC Partners.

â– Mitchell Caplan joined Olson, Minneapolis, as chief marketing officer, succeeding Bob Molhoek, who becomes senior vice president for organic client growth, a new post. Mr. Caplan most recently was a partner and managing director at Digital Pulp, New York, and before that he worked for agencies like the Kaplan Thaler Group, McCann Erickson Worldwide and Y&R. Mr. Caplan will divide his time between the Olson headquarters in Minneapolis and the agency's office in New York.

â– Ellen Comley joined Blitz Media, Waltham, Mass., as chief media officer, succeeding Mary McCarthy, who is leaving, the agency said, for personal and family-related reasons. Ms. Comley most recently was executive vice president and managing director at Havas Media, Boston, part of Havas.

â– Alex Van Gestel, managing director of McKinney New York -- part of the McKinney unit of Cheil USA, owned by Cheil Worldwide -- is leaving, the agency said. His duties will be assumed by two executives at the office: Yusuf Chuku, director for strategic services, and Peter Nicholson, executive creative director.

â– Jonathan Block-Verk joined the New York office of Shazam as executive vice president for strategic partnerships and head of television, a new post. He was president and chief executive at PromaxBDA, Santa Monica, Calif., the association for television and video marketing executives; PromaxBDA said it hoped to name a successor in the coming weeks.

â– Emma Gilpin-Jacobs was named director of communications for Nick Clegg, the deputy prime minister of Britain. She most recently was global communications director for The Financial Times Group. Before that, she held posts like international director for public relations at Time Inc.

Miscellany

â– Grand Central Marketing, New York, was acquired by Allied Integrated Marketing, Hollywood, Calif. Financial terms were not disclosed. Grand Central, which specializes in experiential marketing, will become part of the Allied experiential marketing business; the combined division, with main offices in Los Angeles and New York, will be named Allied Experiential. Matthew Glass, chief executive at Grand Central, and Jennifer Granozio, chief operating officer at Grand Central, will lead Allied Experiential and become senior vice presidents of Allied.

â– Giant Step Digital, which will specialize in digital and social media, was opened by the Castle Group, Boston, and Landis Communications, San Francisco. Castle and Landis, which will continue operating separately, already collaborate on assignments and have shared business as members of the Public Relations Global Network. Sandy Lish of Castle and David Landis of Landis will be co-presidents of Giant Step.

â– Public Communications Worldwide, Garden Grove, Calif., was renamed Copernio.

â– MWW, East Rutherford, N.J., expanded into Europe by acquiring Parys Communications, London. Financial terms were not disclosed. Parys will become the London office of MWW, and Patrick Herridge, managing director at Parys, becomes British managing director for MWW. MWW also has offices in cities that include Chicago, Los Angeles, New York and Washington.

â– Clearpath Health Communications, New York, was opened by two New York agencies: Cooney/Waters, part of the Cooney/Waters Group unit of the Creston Group, and Russo Partners. Russo and Cooney/Waters will continue to operate separately.

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The New York Times

Business/Financial Desk; SECTB
**Microsoft Gets Nokia Units, And Leader**

By NICK WINGFIELD
1,074 words
3 September 2013
The New York Times
NYTF
Late Edition - Final
1
English


SEATTLE -- Microsoft said it has reached an agreement to acquire the handset and services business of Nokia for about $7.2 billion, in an audacious effort to transform Microsoft's business for a mobile era that has largely passed it by.

Late Monday night, Microsoft and Nokia said 32,000 Nokia employees will join Microsoft as a result of the all-cash deal, which will turn the Finnish mobile phone pioneer into the engine for Microsoft's mobile efforts.

Stephen Elop, the former Microsoft executive who was running Nokia until the deal was signed, will rejoin Microsoft after the transaction closes, setting him up as a potential successor for Steven A. Ballmer, Microsoft's chief executive. Mr. Ballmer has said he will retire from the company within 12 months.

''This agreement is really a bold step into the future for Microsoft,'' Mr. Ballmer said in an telephone interview from Finland. ''We're excited about the talent capabilities it will bring to Microsoft.''

Nokia was once the mightiest company in the mobile phone business, but it has lost much of its luster as the industry shifted to the era of the smartphone. Samsung and Apple divide nearly all of the profits in the global smartphone business now.

A megadeal between Nokia and Microsoft of the sort announced Monday night is something that pundits and analysts have speculated about for years, after Mr. Elop joined Nokia and signed a pact with Microsoft in Feb. 2011 to standardize on the software company's Windows Phone operating system.

The fortunes of the two companies in the mobile business have become closely intertwined since that agreement, but it has done little to turn either company into a leader in the mobile business. Windows Phone accounted for only 3.7 percent of smartphone shipments in the second quarter, according to the technology research firm IDC.

Nokia remains the second-largest shipper of mobile phones in the world after Samsung, but that is largely because of lower-end feature phones, from which consumers are moving away. Nokia is no longer among the top five makers of smartphones.

A big question is whether Microsoft and Nokia will succeed as one company where they have not as close partners. Mr. Ballmer said Microsoft and Nokia have not been as agile separately as they will be jointly, citing how development could be slowed down when intellectual property rights were held by two different companies. ''There's friction,'' he said.

Carolina Milanesi, an analyst at Gartner, says she believes the deal could help the companies respond more quickly to the dynamism of the mobile market. ''They need to move faster,'' she said.

Large acquisitions are fraught with peril, especially in the technology business, where there are challenges to integrating employees from different backgrounds into a coherent whole.

The Nokia deal echoes Google's $12.5 billion deal to acquire Motorola Mobility, which gave control of a trove of mobile patents and a handset business that has yet to shine under Google's ownership.

While Microsoft still has enormous stockpiles of cash from its lucrative software business, there has been widespread speculation about how long Nokia could make it as an independent company, given how the spoils of the industry have gravitated to companies like Apple and Samsung. For Microsoft, there was risk that Nokia could have ended up as an acquisition target for another company, creating uncertainty around the future of their earlier business partnership.

Microsoft will pay about $5 billion for Nokia's devices and services business and $2.18 billion to license Nokia's patents. After it sells its high profile handset operations, Nokia will be left with three primary businesses: network infrastructure and services; mapping and location services; and a technology development and licensing unit.

The company will continue to do business as Nokia, licensing the Nokia name to Microsoft for use on its mobile phones for 10 years. ''For Nokia today, it's a moment of reinvention,'' Risto Siilasmaa, the chairman of Nokia's board, said in an interview.

Mr. Siilasmaa also assumed the title of interim chief executive. Since Mr. Elop plans to join Microsoft after the deal is closed, which is expected to happen in the first quarter of 2014, he resigned as chief executive and relinquished his Nokia board seat to avoid conflicts of interest. He has become a Nokia executive vice president, reporting to Mr. Siilasmaa.

Mr. Ballmer declined to say whether Mr. Elop, considered a leading contender to be his successor because of his familiarity with Microsoft and the importance of mobile to Microsoft's future, will be considered for the job. ''Our board is running an open succession process, considering internal and external candidates,'' he said.

''I think it strengthens his potential for C.E.O.,'' said Ms. Milanesi, the Gartner analyst. ''It makes perfect sense.'',

Mr. Elop, a native of Canada whose family still lives in the Seattle area, said in an interview that he believes the industry is at a ''tipping point'' where a third mobile phone ecosystem, based on Windows Phonewill emerge as a more vibrant alternative to the iPhone and devices running Google's Android operating system.

In a sign of how vital Nokia's partnership has become to Microsoft, Mr. Ballmer said the first calls he made outside Microsoft to discuss his retirement and succession planning at the company were to Mr. Elop and Mr. Siilasmaa.

Mr. Ballmer said his conversations with Nokia about an acquisition ''heated up in the last several months,'' but started during a mobile industry conference in Barcelona in late February.

For Microsoft, there is also an attractive financial dimension to the deal. Because Nokia is based in Finland, Microsoft can use a portion of its foreign-held cash to pay for the acquisition, allowing it to avoid hefty taxes it would otherwise pay to bring the cash back to the United States. Microsoft took a similar approach to its $8.5 billion deal to acquire Skype, the largest deal in its history.

The plan to buy Nokia is likely to upset the other companies that use Microsoft's Windows Phone operating system on their devices, notably HTC and, to a lesser extent, Samsung. But there is little business there for Microsoft to lose. Mr. Ballmer said that Nokia's phone currently counts for more than 80 percent of the Windows Phones sold.

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Business/Financial Desk; SECT
**Hermès Reports 14% Rise in First-Half Profit**

By REUTERS
194 words
31 August 2013
The New York Times
NYTF
The New York Times on the Web
English


PARIS -- The French luxury group Hermès International posted a 14 percent increase in first-half operating profit on Friday due to strong demand, particularly in Asia.

The maker of silk scarves and high-priced leather goods said operating profit was 584.1 million euros, or $772.45 million, which exceeded analysts' expectations and gave the group an operating profit margin of 33.1 percent.

According to Thomson Reuters, Hermes was expected to post a profit of $754 million.

Last month Hermès reported a 16 percent increase in second-quarter sales at constant exchange rates, marking an improvement from a 12.8 percent increase in the first quarter.

At that time, the company said it was getting closer to reaching last year's record operating margin level, having previously predicted a decline.

It also forecast that full-year sales growth would slightly exceed its half-year growth target of 10 percent and recurring operating income would increase slightly faster than revenue.

Hermès reiterated the sales forecast on Friday, adding that net cash stood at $789 million at the end of June.

Document NYTF000020130831e98v00073

The New York Times

Business/Financial Desk; SECTB
**New Device At Nintendo Is Cheaper, For Youths**

By BRIAN X. CHEN
896 words
29 August 2013
The New York Times
NYTF
Late Edition - Final
1
English


SAN FRANCISCO -- Nintendo's portable video game device, the 3DS, is selling well. But a plan to court children has the Japanese company cutting prices.

Nintendo on Wednesday introduced a new portable gaming system, the Nintendo 2DS. The device will cost $130, or $40 less than its 3DS sibling, when it is released Oct. 12. It is capable of running all the games made for the 3DS, but without 3-D effects.

For Nintendo, the price drop is a hedge against a future filled with tablet computers made by companies like Apple, Samsung and Amazon.

''Forty bucks may not be a lot, but for families it's a lot,'' said Reggie Fils-Aime, president of Nintendo of America, in an interview. Mr. Fils-Aime said the 2DS was intended for the ''entry gamer,'' especially in families with multiple children. Nintendo is pairing the device's release with the introduction of two new Pokémon games, a series that is popular among children.

The growing popularity of tablets among adults means that children are increasingly exposed to tablets at an early age. About one-third of American adults own tablets. But that figure rises to about 50 percent among parents with children living at home, according to Pew Internet Research. In another survey, IDC, the research firm, polled gamers who were considering buying a tablet or dedicated gaming device. Roughly 60 percent of respondents said they were leaning toward buying an iPad, iPod Touch or Android tablet, IDC said.

Younger gamers are drawn to tablets as well. A large number of the respondents to the IDC survey who said they were planning to buy a tablet or iPod Touch were under 24 years old, a demographic group that has historically been strong for Nintendo, said Lewis Ward, an IDC analyst that focuses on the game industry.

''The real concern for Nintendo and Sony is what's going on with the next generation of gamers,'' Mr. Ward said. ''That's an existential threat if the younger generation isn't buying it at the same level as the customer base that has known you for a decade has.''

Also on Wednesday, Nintendo said it would reduce by $50 the price of its console for the living room, the Wii U, which has had disappointing sales. The new price will be $300.

The gaming market has expanded over the last several years thanks in part to smartphones and tablets. These devices have attracted what analysts call casual gamers -- the people who yank out their smartphones and tablets to play games a few minutes on the commute to work, or the toddlers who play Angry Birds at family dinners.

Despite all that competition, Nintendo's portable gaming device has been doing well.

The 3DS has been the best-selling piece of gaming hardware in the last three months, according to NPD Group. The last, best-selling portable gaming device was the Nintendo DS; with more than 150 million units sold, it has become the best-selling portable gaming device in history.

With the addition of the 2DS, Nintendo now offers three portable devices, including the 3DS and the larger 3DS XL.

Tablets are considered a threat to Nintendo because games can be downloaded for a few dollars, or even free. Nintendo's strategy has been to make most of its money from sales of the games it produces exclusively for Nintendo devices. Therefore, it has refused to offer its games to makers of tablets and smartphones.

That means famous titles native to Nintendo, like Super Mario or Donkey Kong, could be left to earlier generations. And that's bad news for the Japanese company.

''The longer that they abstain from those platforms, the longer they risk failing to acquaint children with that stable of characters,'' said Ross Rubin, an independent technology analyst for Reticle Research. ''Since there is virtually no presence on these screens that kids are starting to increasingly spend more and more time with, Nintendo is going to have to work harder to gain exposure to that audience.''

Mr. Rubin said there were several ways for Nintendo to participate in the mobile market outside of selling games for its own devices, without cannibalizing its own business. The company could offer software that complements its games and systems, like iPad apps that turn the tablet into an extra controller for the 3DS or Wii U. Nintendo could also create lightweight versions of its games for tablets and phones, using them to promote the superior versions of the games available only for Nintendo systems, he said.

For the moment, however, cost-cutting appears to be Nintendo's answer.

''All we're doing is making available a device that, for consumers who want a lower price point but want to play all these great games, now you have the opportunity,'' Mr. Fils-Aime said. ''And we think it's going to work.''

Mr. Ward of IDC said that the cost-cutting strategy should be effective, at least for now, and that Nintendo could afford the price cut thanks to a stronger yen.

''It's going to attract some entry-level gaming enthusiasts who were on the fence about the 3DS,'' Mr. Ward said.

The 2DS will have all the latest games, but without 3-D effects. (B4)

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The New York Times

GADGETWISE
Personal Tech; SECTB

**A Smartphone Case Delivers a Defensive Jolt**

By ROY FURCHGOTT
403 words
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7
English


The Yellow Jacket smartphone case is meant to protect more than a phone.

The $140 smartphone cover conceals a stun gun.

Stun guns, of course, have been the subject of some controversy. There have been reports of deaths caused by some of these devices, and film and TV depictions often show people crumpling in a writhing mass when stunned.

After reviewing the specifications of the Yellow Jacket with Steve Tuttle, spokesman for Taser International, the leading maker of stun guns, I was convinced that this case wouldn't pack a huge punch. According to the spec sheet, the stun gun has an output of 650,000 volts at 0.8 milliamps, which the company said should be painful, but not harmful.

So I tried the Yellow Jacket on myself. I zapped myself on the inside of my forearm, which Mr. Tuttle had suggested because it has relatively few nerve endings. There was a stinging sensation and I felt an electrical shock travel to my wrist. The shock was really more startling than painful. It was no worse than when I have mistakenly bumped into an electric horse fence, or when as a child someone persuaded me to test a 9-volt battery by touching it to my tongue. Twenty-four hours after I zapped myself, there were small red marks where the electrodes had touched me.

Using the stun gun requires some preparation. You have to remove a safety cover from the electrodes, which need to touch skin to be really effective. Next, turn on the switch that arms the stun gun, and then press the illuminated blue button.

Clearly this isn't the defense of choice in a surprise attack. Perhaps the most effective deterrent for a would-be attacker is the stun gun's loud buzz and blue arc between the electrodes.

For now, the large and hefty case is available for only the iPhone 4 and 4S. The company says that cases for the iPhone 5 and Samsung Galaxy S4 are in the works.

The Yellow Jacket's 1800 mAh battery, which is slightly larger than the iPhone's standard battery, works as backup to increase the phone's talk time. So if you don't think a shock will scare off an attacker, you should have plenty of battery reserve to call 911. ROY FURCHGOTT

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The New York Times

Business/Financial Desk; SECTB

**A Television Unit Flourishes in an Often Overlooked Corner of Sony**

By BROOKS BARNES
1,108 words
19 August 2013
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1
English


CULVER CITY, Calif. -- Next month, the broadcast networks will introduce more than 20 new series, and four of the most ambitious will be supplied by Sony.

''The Blacklist'' stars James Spader as a criminal mastermind. ''The Michael J. Fox Show'' places Parkinson's disease at the center of a sitcom. The comedy ''Meet the Goldbergs'' is drawing comparisons to ''The Wonder Years.'' And ''The Queen Latifah Show'' counts Will Smith and Jada Pinkett Smith as producers.

Yet one of Sony's largest shareholders, the investor Daniel S. Loeb, blasted the studio a few weeks ago in a publicly disclosed letter, saying that, among other things, he was ''disappointed to see that Sony's television business lacks new material.''

So it goes for Sony Pictures Television, a largely hidden operation that has at times felt like a second-class citizen inside its own conglomerate and in Hollywood broadly, with the spotlight going instead to the movie division. ''It hasn't always gotten the recognition it deserves,'' said Michael Lynton, the chief executive of Sony Entertainment, in a telephone interview.

That is changing, partly because of prodding by Mr. Loeb, whose Third Point hedge fund owns about 7 percent of Sony. In May, Mr. Loeb urged Sony to spin off part of Sony Entertainment, which includes film, television and music businesses. The Japanese conglomerate rejected that proposal on Aug. 5, but Sony made one concession, saying it would begin disclosing more financial information about the studio's performance. (As a result, Mr. Loeb has backed down, for now.)

Sony Entertainment, which produces cable hits like ''Breaking Bad'' and the lucrative ''Dr. Oz Show,'' has historically provided very little financial transparency, reporting its film and television operations on a combined basis, for instance. Analysts can only guess at how much money the TV side generates, estimating that it now contributes more than 50 percent of the studio's operating income.

Despite its pledge for more transparency, Sony may well continue to report its movie and television results as one; splitting off TV would make the movie side look bad, and this is still Hollywood -- image is everything. The company's movie operation has struggled this summer, with a string of disappointments like ''After Earth'' offsetting successes like ''This Is the End.''

But Sony has at the very least realized its TV division has a positive story to tell. In fact, the company's statement rejecting Mr. Loeb's spinoff proposal led with a business it almost never discusses: its cable networks -- 124 around the world, including the Game Show Network in the United States -- had revenue of $1.5 billion in its last fiscal year, up from $600 million in 2008. Sony says its networks reach about 840 million homes worldwide.

''Clearly, our networks business will continue to be a major driver of growth,'' said Mr. Lynton, noting in particular a suite of channels in India.

In a separate interview, Steve Mosko, president of Sony Pictures Television, pointed to the studio's international production business. The studio has 18 small production units abroad that make original local shows. Sony also was a pioneer in the export of what the television industry calls ''formats'' -- taking the architecture of a hit American show and remaking it overseas.

An adaptation of ''Married With Children,'' for instance, has been a hit in Russia.

Part of Mr. Mosko's challenge involves sizzle: his division could use some. Yes, Sony makes ''Breaking Bad'' and critical darlings like ''Justified.'' Jerry Seinfeld's ''Comedians in Cars Getting Coffee,'' a Sony-backed Web series, is nominated for an Emmy Award. But Mr. Mosko's division makes most of its money in areas that are out of sight -- like international cable networks -- or easy to overlook.

The game shows ''Jeopardy'' and ''Wheel of Fortune'' mint money for Sony, but in his letter, Mr. Loeb dismissed them as ''old Merv Griffin Productions workhorses.'' Sony makes the hit reality show ''Shark Tank,'' about business pitches from entrepreneurs, but it runs on Friday nights, the broadcast equivalent of no man's land. It's hard to get consumers excited about Sony's blockbuster syndication sales for ''Seinfeld'' or the lucrative deal that Mr. Mosko's team negotiated with Starz for rights to Sony-produced movies.

''Talk about underappreciated,'' Mr. Mosko said.

Fair or not, the heat in Mr. Mosko's world still comes from hits on the big broadcast networks, and by that measure, he has come up short. Despite relatively weak ratings, the sitcoms ''Rules of Engagement'' and ''Community'' have been financial successes for Sony, but over all, the studio has struggled, watching as high-profile, expensive dramas like ''Pan Am'' and ''Last Resort'' fail to take off.

It's not a problem unique to Sony. Breakout hits on the broadcast networks have been increasingly rare across the board for studios. CBS, NBC, Fox and ABC also all favor in-house programming suppliers. And Sony has had to rebuild its television production business piece by piece after essentially exiting the business in 2001.

But Mr. Mosko does not make excuses.

''Not one person here will look you in the eye and tell you, 'I'm satisfied with where we are,' '' said Mr. Mosko, who reports to Mr. Lynton and Amy Pascal, co-chairwoman of Sony Pictures. ''That's why we are all so focused on finding hits. Knock on wood, I think we have some very special shows coming up.''

All told, Sony will supply 15 new shows for the coming season -- the studio's largest number of annual orders in a decade.

''Masters of Sex,'' headed to Showtime, is generating substantial buzz, but the hottest iron that Mr. Mosko may have in the broadcast fire is ''The Blacklist,'' arriving on Sept. 23 on NBC. Some critics have described the series as ''Homeland'' meets ''Silence of the Lambs.'' Mr. Mosko hopes that ''The Blacklist'' in particular proves that his team's renewed attempt to focus on new network hits is paying off.

''We are upbeat and energetic -- completely fired up -- and it's showing up in the work,'' he said.

David Carr, whose Media Equation column normally appears on this page, is on vacation.

Diego Klattenhoff, left, and James Spader in ''The Blacklist,'' a coming TV drama about a criminal mastermind. (PHOTOGRAPH BY DAVID GIESBRECHT/NBC AND SONY PICTURES TELEVISION) (B1); Steve Mosko of Sony Pictures Television, which makes most of its money in areas that are out of sight or easy to discount. (PHOTOGRAPH BY J. EMILIO FLORES FOR THE NEW YORK TIMES) (B3)

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The New York Times

Business/Financial Desk; SECTB
**Kodak, Smaller and Redirected, Leaves Bankruptcy**

By THE ASSOCIATED PRESS
467 words
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8
English


ROCHESTER -- Kodak's trip through bankruptcy is now a memory, as it finished its restructuring and exited Chapter 11 on Tuesday.

Kodak is now a commercial imaging company serving business markets like packaging and graphics.

Its chairman and chief executive, Antonio M. Pérez, said the company was on track for profitable growth.

Kodak emerged from bankruptcy protection vastly different from the company of old, which was founded by George Eastman in 1880. Gone are the cameras and film that made it famous. It hopes to replace them with new technologies like touch screens for smartphones and smart packaging embedded with sensors.

Over the desk in Mr. Perez's office hang pictures depicting Kodak's future -- including one of the company's ultrafast commercial inkjet printers, the Prosper Press.

''Look for a case of a company that had to go through this kind of excruciating restructuring and kept innovating,'' Mr. Perez said. ''It just doesn't happen, but we've done it.''

Kodak filed for bankruptcy protection last year, brought down by increasing competition, digital photography and debt.

The Eastman Kodak Company, credited with popularizing photography at the start of the 20th century, started to struggle toward the end of the century, first with Japanese competition and later when it failed to react quickly enough to the shift from film to digital photography.

Kodak had expected demand for film to decline, but gradually. The company thought that new demand from emerging markets like China would offset some of the decline in the United States. But Mr. Perez said Chinese consumers chose smartphones instead of cameras, and demand for film plummeted.

Meanwhile, the financial crisis of 2008 and the resulting plunge in interest rates left some of the company's pension obligations underfunded. It was those obligations, along with other costs, that Mr. Perez said eventually resulted in the January 2012 bankruptcy filing.

Revenue dropped from about $13.3 billion in 2003 to $6 billion in 2011.

Under court oversight, Kodak continued to reduce costs, businesses and workers. It closed its consumer camera business and sold an online photo service. It spun off its personal and document imaging businesses to its pension plan and sold many of its patents. It took its name off the theater that hosts the Academy Awards each year.

Much of Kodak is gone except for its commercial and packaging printing businesses. The company emerged from bankruptcy with about 8,500 employees, just a fraction of the 145,000 it had at its peak in the 1980s. Revenue is expected to total $2.7 billion this year.

Kodak, based in Rochester, is now focused on touch screens for smartphones and smart packaging with embedded sensors. (PHOTOGRAPH BY HEATHER AINSWORTH/ASSOCIATED PRESS)

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The New York Times

GADGETWISE
Personal Tech; SECTB

**With Disney Infinity, Players Can Explore a Virtual Toy Box**

By GREGORY SCHMIDT
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29 August 2013
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10
English


When the executives at Disney conceived of Infinity, they imagined a video game that resembled a toy box: random toys could be pulled out for any adventure.

The Disney Infinity game, which was released last week, embraces that ''anything goes'' attitude with vigor. Initial properties include ''The Lone Ranger,'' ''The Incredibles,'' ''Pirates of the Caribbean,'' ''Monsters University'' and ''Cars 2,'' and more are scheduled to follow. Disney has said that anything from its vault, including movies, TV shows, theme parks and animated shorts, could eventually show up in the evolving platform.

But Disney Infinity is more than just a video game. Like Skylanders from Activision, Disney Infinity incorporates physical toys, which unlock characters, powers, vehicles and other features when the toys are placed on the Infinity base, which is connected to a game console (Xbox 360, PS3 or Wii).

Once a figure is on the base, its digital doppelgänger appears in a ''play set,'' a virtual realm based on each character's respective world. Changing characters and play sets is as easy as swapping the toys on the base. Or characters can come together in the ''toy box'' mode, in which players create worlds and adventures of their own.

The game itself is simple but engaging. The characters inhabit their worlds and can go on missions, collect objects, build energy and earn points, pretty much as in any video game. But the toy box mode offers the opportunity for real creativity, giving players the ability to design a 3-D world from scratch using landscapes, buildings, vehicles, characters and other objects from the Disney universe.

The Disney Infinity starter pack, which includes the game, three figures and three play sets, costs $75. Add-ons include single figures at $13 apiece, sets of three figures for $30 and a pack that includes two figures and a play set for $35. In addition, power discs, which provide special abilities, toys and themes, are sold in packs of two for $5 (but they are in blind packaging, which means you don't know which discs you will get.)

Paying extra for additional characters and content is nothing new to video games. But Disney is starting with five play sets, 17 figures and 20 power discs, with much more to come. This game has the potential to fill up your toy box as quickly as it empties your wallet.

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The New York Times

HIGH & LOW FINANCE
Business/Financial Desk; SECTB
**How BlackBerry Handled Past Wealth**

By FLOYD NORRIS
1,500 words
23 August 2013
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1
English


It started in an unlikely place, far from the headquarters of more established technology companies, and grew to become a dominant player. Along the way, investors piled in, undeterred by the company's policy of never paying a dividend.

But then the technology changed, and the company struggled to keep up. Eventually it realized it could not continue as it was. It was broken up and acquired, with investors receiving a fraction of what their shares had been worth at the peak.

That was the story of the Digital Equipment Corporation, which was based in a former textile mill in Maynard, Mass., and became the second-largest computer company in the world in the 1980s. In 1998, it was acquired by Compaq, a maker of personal computers that had destroyed Digital's business in mini computers. It proved to be a poor deal for Compaq, which itself was acquired later by Hewlett-Packard.

A year before Digital was acquired, a small mobile technology company based in Waterloo, Ontario, went public on the Canadian market. In 1999, it listed on Nasdaq and became a phenomenon. It was called Research in Motion until this year, when its corporate name was changed to that of its primary product, BlackBerry.

Now it seems as if BlackBerry will follow the Digital Equipment path. It has hired bankers to pursue its ''strategic options,'' and the expectation is that it will be acquired for its cash and patents while the product that made it rich and famous will gradually vanish.

Digital left behind a large number of technology companies in Massachusetts, some of which flourished in the very mill that Digital made famous. BlackBerry's impact on Waterloo seems likely to be similar.

This column is not about the changing technology that caused the decline of BlackBerry, which by now is well known. Instead, it is about the way the company handled prosperity when profits were plentiful -- a way that served BlackBerry executives well and that pleased Wall Street but provided no benefits to loyal shareholders.

BlackBerry's corporate filings show that over the years it distributed $3.5 billion to shareholders. (Although BlackBerry is based in Canada, it keeps its books in United States dollars and that number, like all others in this column, is in United States currency.) That is an impressive amount, especially considering that the entire company is now worth only a little more than $5 billion.

But loyal shareholders did not receive any of that money. To get the money, an investor had to sell. The money was spent on share buybacks, and most of those buybacks came in 2008 and 2009, when the company was flying high.

BlackBerry's financial strategy was not particularly unusual, although it does stand out in the way it abused the rules on executive stock options. Perhaps it would never have paid dividends anyway, but those options gave the company's executives good reasons to avoid dividends and concentrate on share buybacks.

The result was a classic ''sell low and buy high'' strategy, one that did wonders for the executives.

Over the years, BlackBerry executives and employees exercised options to acquire 83.3 million shares, adjusted for two stock splits. On average, they paid $4.38 a share.

Those prices were, of course, well below the market value of the shares at the time. That is the way options work -- or at least are supposed to work. The exercise price is equal to the market price when the options are issued, but the executive has up to 10 years to exercise them, and will do so only if the price has increased.

One reason companies that issue a lot of options prefer stock buybacks to dividends is that while buybacks may raise the market value of the stock and thus increase the value of an outstanding option, dividends are less likely to do so. Option holders, unlike shareholders, do not benefit from dividends.

Corporate managements like to say that options do not dilute shareholders' stakes because the company acquires and retires an offsetting number of shares. BlackBerry did just that, buying 85.5 million shares that it canceled. It bought an additional 12.3 million shares that it did not cancel but held to provide stock to issue directly to executives.

Over all, it paid an average of $36.10 for the shares it repurchased.

The net effect: It took in $365 million from the exercise of options. It paid $3.5 billion to repurchase shares. Under accounting rules, that $3 billion difference had no effect on reported profits, but it had a big effect on the resources available to the company for other purposes, like spending on research and development.

The incentive effects of option grants, as opposed to grants of actual shares, have long been debated. Options offer the possibility of large profits if the share price goes up, but might also expire, worthless, if the stock does not rise. Some critics argue that options may encourage executives to gamble with the company's assets because they will lose no more if the company's share price collapses than they would lose if it remained flat.

Restricted stock grants, on the other hand, have less upside. They also have a continuing downside, because an executive holding such shares will stand to lose money as the stock price declines, even if it is already worth less than when it was issued. Some argue that does a better job of aligning executive interests with those of shareholders.

In practice, companies tend to prefer options when they think the share price will rise, and restricted stock when they are not so confident.

That is the way it worked at BlackBerry. The last large option grants to senior executives were made in October 2007. A year later, the stock price had peaked -- at $148 in June 2008 -- and was down to about $70. No options were granted. Instead, restricted stock units were issued.

It may be that was coincidental. By then, BlackBerry and its top executives were up to their necks in investigations into the company's options practices. The company eventually admitted that ever since 1998 -- the year after it went public -- the company's top executives had been routinely backdating options to get exercise prices as low as possible and had lied about the practice to, among others, its auditors.

In 2006, when the backdating scandal broke in the United States, the company piously denied it had done anything of the sort. A few months later, it had to admit it had lied. In the end, top executives surrendered a large number of options, and other options were re-priced. The Securities and Exchange Commission determined that more than 1,400 individual grants had been backdated.

At least the executives were not doing that only for themselves. They also did it for new employees and others receiving grants. They seem to have done all they could to help out everyone involved.

Except, of course, the shareholders.

Any shareholder could have sold shares back when the company was buying, and no doubt many did. But the nature of stock options is that most, if not all, of the shares acquired when options are exercised are immediately sold. The executives certainly benefited from the purchases. Shareholders who believed in the company's future did not.

BlackBerry shares now trade around $10, up from around $9 before the company indicated it was looking for a buyer. While that price is way below the peak, it still represents a nice profit for any investor who bought when the company went public in 1997, although it is below the price paid when the company sold stock to the public in 2004.

In BlackBerry's defense, the buyback strategy was being recommended by most Wall Street firms for years, and the company, whose spokesman did not return a phone call seeking comment, no doubt received that advice from experts. And there is evidence that BlackBerry was particularly vulnerable to Wall Street wisdom. Before the credit crisis erupted, it had put cash into "safe" Wall Street recommendations like structured investment vehicles and auction-rate securities. It took losses on them, as well as on money that Lehman Brothers owed it when it collapsed.

None of this explains BlackBerry's fatal error, of not managing to be the company that figured out where technology was going. But it does explain why shareholders who believed in the company when times were good did not prosper as they might have.

Floyd Norris comments on finance and the economy at nytimes.com/economix.

BlackBerry's annual meeting in Waterloo, Ontario, in July. The expectation is that the company will be acquired for its cash and patents while the product responsible for its success will vanish. (PHOTOGRAPH BY JON BLACKER/REUTERS) (B5) CHART: BlackBerry monthly share price (Sources: Company reports, Bloomberg) (B5)

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The New York Times

OP-ED COLUMNIST
Editorial Desk; SECTA
**How Not To Stay On Top**

By JOE NOCERA
866 words
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19
English


In the late 1970s and early 1980s, the dominant computing device used in corporate America was a word processor made by Wang Laboratories. The company's founder and chief executive was An Wang, a brilliant Chinese immigrant who was widely hailed as a visionary entrepreneur and philanthropist.

At Wang's peak, some 80 percent of the top 2,000 corporations used the company's word processors, according to Bloomberg Businessweek. The company's rise was so heady that Wang used to keep a chart in his desk that showed when he expected to overtake the mighty I.B.M. -- sometime in the mid-1990s.

But then I.B.M. created its first personal computer, and that was the beginning of the end for Wang. He and his company stubbornly clung to the notion that the main thing people wanted from their computers was word processing; even after the company realized its error -- by which time Wang had foolishly installed his son as chief executive -- it always seemed to be a step behind. By 1992, Wang Laboratories was bankrupt, done in by competitors that understood that people wanted their computers to be more than glorified typewriters.

Twenty-five years after Wang Laboratories dominated with its word processor, a Canadian company then called Research in Motion was the dominant player in its corner of technology: the cellphone and wireless e-mail market. The company, of course, made the BlackBerry. It is a remarkably similar story.

In its heyday, the BlackBerry was so popular that it was nicknamed the CrackBerry. Chief technology officers loved its emphasis on security. Corporate employees loved its compact keyboard, which they mastered with their thumbs. As recently as 2009, the BlackBerry had about 22 percent of the smartphone market.

Today, of course, the company -- which recently changed its name to BlackBerry -- is in a heap of trouble. In the most recent quarter, it announced a net loss of $84 million, the latest in a string of bad financial news. In the latest quarter, its share of the global smartphone market had slid to 2.7 percent. Its board announced last week that it was ''exploring strategic options,'' which usually means it is putting itself on the block. Just like Wang Laboratories -- and thousands of other once-dominant companies that stubbornly clung to what they thought they were instead of what they needed to be -- the maker of the BlackBerry has become an object lesson in the vagaries of capitalism.

It is not exactly news that it was the introduction of Apple's iPhone in 2007 -- followed by smartphone competitors that used Google's Android operating system -- that turned the BlackBerry from a dominant to a marginal device. But it's a little more complicated than that.

To start with, BlackBerry's co-chief executives, Mike Lazaridis and James Balsillie, simply didn't take the iPhone seriously at first -- just as An Wang didn't take the personal computer seriously. After all, the iPhone had a touch screen that made it more difficult to write the kind of long, serious, work-related e-mails that BlackBerry users took for granted. The iPhone was a toy, they thought, and assumed that corporations would never let their employees use them on the job.

More than that, though, ''BlackBerry had a huge installed base, and they were afraid to walk away from it,'' said Carolina Milanesi, a research vice president with the Gartner Group. This is a problem that often plagues dominant companies. They are so concerned with playing defense -- protecting what they have built -- that they stand paralyzed as new competitors arise with business models they can't, or won't, replicate.

As it turns out, it was true that the iPhone made e-mailing a more cumbersome experience. But it did everything else so much better that it didn't matter. People were willing to give up some of the ease of e-mail use for everything else iPhones provided. BlackBerry had long thought of itself as a company that provided mobile phone and wireless e-mail service. But Apple gave consumers a sense that they could have something more. In time, the iPhone became a more secure device, and technology officers succumbed to employee desires that they support it. The toy had become a tool.

In recent years, BlackBerry has introduced phones with touch screens. It set aside $150 million to lure developers to write apps for its phones. Its latest phone has gotten some good reviews. But the company has been consistently one step behind its competitors. Although BlackBerry could conceivably stage a comeback, it is still not a good place to be.

Was BlackBerry's fall from grace inevitable? When you look at the history of dominant companies -- starting with General Motors -- it is easy enough to conclude yes. There are companies that occasionally manage to reinvent themselves. They are nimble and ruthless, willing to disrupt their own business model because they can sense a threat on the horizon. But they're the exception.

Wang Laboratories is the rule. And so is BlackBerry.

David Brooks is off today.

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The New York Times

Business/Financial Desk; SECTB
**After Selling Off Handsets, Nokia Keeps 2 Core Businesses**

By MARK SCOTT and BRIAN X. CHEN
1,026 words
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English


Nokia, which began making rubber boots for Finnish workmen 150 years ago and was an innovative leader of the cellphone industry in the 1990s, is once again evolving.

It will still exist after Microsoft buys the company's handset business. While Microsoft is acquiring what Nokia is best known for, the Finnish company is holding on to two if its major businesses: networking and mapping.

''There's a lot of emotion involved in this move,'' Timo Ihamuotila, Nokia's chief financial officer, said in an interview. ''Nokia has been synonymous with cellphones for the last two decades. It's hard, but Finland will have two strong technology companies that result from this deal.''

Nokia focused on cellphones in the 1990s after facing financial difficulties. By the height of the dot-com boom at the end of the 1900s, Nokia was the world's largest cellphone maker. It attained a market value of around $250 billion. Yet a failure to develop a smartphone good enough to rival Apple's iPhone and popular Android-based devices from Samsung Electronics collapsed the company's market share from around 30 percent in 2009 to less than 4 percent last year, according to the research firm Gartner. In 2013, Samsung dethroned Nokia to become the largest phone maker.

While Nokia's mobile phone business has been dwindling, the remaining segments are not laggards. Flush with Microsoft money from selling off its core businesses, the new Nokia could be well positioned to compete. It might be invisible to consumers, but Nokia's networking business, which includes equipment it sells to telecom operators to run their wireless networks, brings in the majority of the company's annual revenue.

Nokia's maps technology, another part of the company Microsoft does not want, has a valuable global database of geographical information. Called Here, it can be licensed to other companies that want to build products and services around maps.

Without having to worry about making popular software and sleek phones to compete in the brutal handset industry, the new Nokia would be freed to build a profitable company from the remaining businesses. But it is unclear how well those businesses will stand on their own. And even without a mobile unit, Nokia still has to compete in a rapidly changing mobile industry that left it behind long ago.

''It's a very odd mix at this point,'' said Jan Dawson, a telecom analyst for Ovum. ''There's no other company that combines heavy network infrastructure with what's basically a pure data and software asset, and there's very little synergy between the two.''

Nokia's mobile infrastructure business, which began as a joint venture with Siemens, currently generates around 85 percent of the company's annual $18.4 billion in revenues. Nokia acquired the 50 percent stake in Nokia Siemens Networks earlier this year for $2.2 billion.

It is expected to compete against telecom suppliers like Ericsson of Sweden and Huawei and ZTE of China to win contracts from the world's largest cellphone operators. China Mobile and Vodafone of Britain are planning to spend billions of dollars to upgrade their mobile data networks to so-called fourth-generation technology.

By the time the next generation of wireless technology arrives and vendors are upgrading their equipment, Nokia, now a smaller company, will be in a tough spot.

It may have some success in the United States and Europe, where the governments are wary of Huawei and ZTE because of security concerns about Chinese government-sponsored spying. But it will have to invest heavily to challenge Ericsson, said Tero Kuittinen, an independent analyst for Alekstra, a company that does mobile diagnostics.

''Being a small network infrastructure company, that's a very hard business,'' Mr. Kuittinen said. ''Ericsson is such a giant in this industry.''

Nokia's mapping component, Here, provides GPS services to dashboard navigation systems in many car models. The unit, which generates around $1.3 billion in annual revenue, plans to sell GPS and entertainment services to companies that do not want to build them from scratch, according to Mr. Ihamuotila, Nokia's chief financial officer.

Nokia maps might hold some appeal to device makers because Nokia will not be competing with them. (Microsoft said it would continue to use the Nokia brand on smartphones for about 10 years.)

But the value of Nokia's maps may decrease now that the company no longer has a device business attached to it. As smartphones became popular, digital maps became more complex and sophisticated because people were pulling up directions from the devices they carried instead of looking up directions on a computer. As they did, the mapmakers gathered information from people's smartphones and made the maps more accurate and more useful.

Google, a rival to Nokia's mapping services, treats the millions of smartphones using its map software as data probes to improve the thoroughness of its database.

Nokia has also retained its research and development facilities and patent portfolio, with plans to develop new products to license, or sell technologies to other companies.

However, with so many mobile devices relying on Google's Android software, and so many smartphones relying on parts and technologies made by Samsung, the Finnish giant will have to come up with something truly compelling to stand out in stores.

Even with the remnants of Nokia, the loss of its phone business creates a void for Finland as a whole, said Mr. Kuittinen, the Alekstra analyst. Many Finnish universities offered courses in mathematics and software engineering with Nokia in mind as a future employer.

Now, they may look to other countries, like the United States, if they want to get into the business of making mobile software, one of the most popular technology sectors for engineers.

''The industry just vanished,'' Mr. Kuittinen said, ''and this is not something that happens very often.''

A Lumia 920 Windows phone released last year by Nokia, whose handset unit is being acquired by Microsoft. (PHOTOGRAPH BY NOKIA, VIA EUROPEAN PRESS AGENCY)

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The New York Times

Business/Financial Desk; SECTB
**Japanese Smartphone Manufacturer Sees an Export Market in Older Users**

By ERIC PFANNER
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4 September 2013
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6
English


TOKYO -- The Japanese electronics industry largely missed out on the smartphone revolution. Yet this summer, even as one Japanese company, NEC, exited the business, another one, Fujitsu, announced plans for a new export push.

Rather than competing with dominant brands like Samsung and Apple in the mainstream smartphone market, Fujitsu is aiming at a niche -- older consumers, who, the company says, are not always served adequately by products like Apple's iPhone or the Samsung Galaxy series.

In partnership with Orange, formerly France Télécom, Fujitsu has started selling a smartphone in France that uses a technology called Raku-Raku, or ''easy easy.''

The Raku-Raku handset has a touch screen and provides on-the-go Internet access, but it has larger buttons and other features aimed at older people who sometimes struggle with the complexity of conventional smartphones.

''We believe the smartphone provides benefits to these customers,'' said Toru Mizumoto, the director of the mobile product division at Fujitsu.

In partnership with NTT DoCoMo, the leading mobile network operator in Japan, Fujitsu has sold 20 million Raku-Raku phones in Japan since it introduced them in 2001. Ten million of them remain in active use more than a decade later. While most of these phones are old-fashioned feature phones, Fujitsu and DoCoMo introduced the first Raku-Raku smartphone in Japan last year.

Japanese manufacturers tend to focus on the domestic market, introducing features that are considered innovative here but considered quirky and less appealing elsewhere.

While aging consumers may be a niche market, they present a growing opportunity in most industrialized countries. In Japan, 39 percent of the population will be 65 or older in 2050, up from 23 percent in 2010, according to the Statistics Bureau of Japan. In France, the 65-and-older cohort will grow to 25 percent in 2050 from 17 percent in 2010, data from the United Nations show.

''If you're a smaller vendor and maybe haven't had much of a presence in Europe, it makes sense to look at these kinds of niches,'' said André Malm, an analyst at Berg Insight, a research firm in Gothenberg, Sweden. ''It's an underserved market.''

The 65-and-up population may be growing, but 65-year-olds are becoming younger, too -- at least in terms of their affinity for technology. Those who will retire in 2020 or 2030 are active on Facebook or Twitter now.

''We see that there is a big, big part of the senior population that is willing to go for a smartphone,'' said Augustin Becquet, the head of Orange's device portfolio.

While the elders of tomorrow may be increasingly comfortable with technology, their physical dexterity may deteriorate with age, as it has with past generations. That is where the Raku-Raku smartphone, called the Fujitsu Stylistic S01, comes in.

At first glance, the S01 looks like a fairly ordinary smartphone. The features aimed at pleasing old people could just as easily be annoying. The touch-screen ''buttons'' on the phone's calling function, for example, require a firmer push than those on ordinary smartphones. Only after a slight vibration do they register the chosen digit. That way, the phone avoids misdialing.

Another Fujitsu technology appears to slow down the speech of the person on the receiving end of a Raku-Raku call by removing the gaps between words and allotting more time to the actual sounds. The screen is brighter than those on ordinary smartphones, making it easier to read under direct sunlight.

There are also safety features, like a button on the phone that sends a text message to a friend or family member with the GPS coordinates of the phone's owner in case of emergency. In its shops, Orange is providing special training on how to use the phones.

''The younger generation likes the stuff with the latest technology, but every smartphone vendor is going to have to adapt to an aging population,'' Mr. Becquet said.

While Fujitsu and DoCoMo were pioneers in the development of phones for older people, they are not the only players in the field. Two European companies, Emporia Telecom in Austria and Doro in Sweden, have also been actively pursuing older users.

Doro introduced its first phone aimed at that market in 2008 and has sold four million of them since then. In the Nordic countries, 15 percent of the 65-and-older population uses Doro phones, said Jérôme Arnaud, the chief executive of the company.

While most of the Doro phones in use are old-fashioned handsets, the company introduced a basic smartphone last December and plans to roll out a more sophisticated model this autumn, Mr. Arnaud said.

The phone will use a simplified version of the Android mobile operating system, and several dozen applications have been customized for it, he added. These include a video e-mail function that lets older people skip the typing.

As for Orange and Fujitsu, the companies say they view the partnership in France as a pilot project; if the Stylistic phone catches on, they say, it will also be offered in other European markets in which Orange operates, like Britain.

''For Japanese vendors, it has been challenging to go abroad,'' said Michito Kimura, an analyst at the research firm IDC, ''but this technology does meet a demand.''

Masami Yamamoto, left, is president of Fujitsu. Last year, the Japanese actress Shinobu Otake displayed a smartphone Fujitsu was introducing that used its Raku-Raku technology, with features meant to appeal to older people. (PHOTOGRAPHS BY RIE ISHII/AGENCE FRANCE-PRESSE -- GETTY IMAGES; YOSHIKAZU TSUNO/A.F.P. -- GETTY IMAGES)

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**Japan's E-Reader Industry Struggles to Keep Up as Amazon Takes the Lead**

By JOSHUA HUNT
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CORRECTION APPENDEDTOKYO -- When Rakuten, Japan's leading e-commerce company, introduced its Kobo e-reader in Japan in July 2012, the company's chief executive, Hiroshi Mikitani, presented a gift to Yoshinobu Noma, the president of Kodansha, Japan's largest publisher.

It was a T-shirt emblazoned with ''Beat Amazon.'' Mr. Mikitani wanted to signal that the two companies had no intention of slugging it out in a print-versus-digital fight in Japan.

The alliance did little to help them defend against Amazon. Four months later, Amazon brought its Kindle e-reader to Japan. It quickly became Japan's top-selling e-reader, gaining 38.3 percent of the market, according to the MM Research Institute, a data firm in Tokyo. Even though Rakuten's Kobo had beaten Kindle to market by nearly five months, it grabbed only 33 percent of Japan's e-reader sales during the same 12-month period. Sony, which had stated its goal of selling half of all e-readers by 2012, managed to hold only 25.5 percent with its devices.

Amazon sells its Kindle in 14 countries, Japan being the very latest. Misao Konishi, an Amazon spokeswoman, declined to talk about the company's goals for the Japanese market, but she did offer some insight into Amazon's ambitions. ''Every book ever printed, in every language, available to buy in 60 seconds,'' Ms. Konishi said. ''There are many things to accomplish in order to achieve that vision in Japan.''

The Kindle's quick success is a stark contrast to the Japanese companies' efforts. Until Amazon showed up, e-readers failed to live up to expectations. Sony brought out the first reader using E Ink technology in Japan in 2004, the LIBRIe.

Buyers of the LIBRIe, which like early Kindles showed black text on a white background, suffered from a convoluted marketplace that allowed them only to rent e-books, not buy them. Amazon, which developed its Kindle with digital books people could buy from -- where else? -- Amazon.com, found instant success after its introduction in the United States in 2007.

Sony stopped selling its device that year. The company's subsequent e-readers, even after Sony developed a library of books to buy, have met with limited success.

Japan isn't a big contributor to global e-reader sales, estimated at around 19.9 million units by IDC, a market research firm. MM Research said that a total of 470,000 devices were sold there last year, and that it expected sales to climb about 10 percent to 520,000 units in 2014.

Amazon's victory over Sony and Rakuten, which got into the e-reader business when it bought the Toronto-based Kobo in November 2011, began with aggressive pricing. Amazon sold the Kindle Paperwhite for 7,980 yen, or about $80. Not only was its price about $40 less than it was in the United States, it also matched that of Rakuten's Kobo and Sony's PRS-T2.

In a bid to gain market share, Rakuten dropped the price of its e-reader in July to to 5,480 yen, and will continue to focus on this basic model, even as the company launches the new high-end Kobo Aura HD in Europe and the United States in September.

But Amazon wasn't winning just because of price. It also gave consumers another reason to prefer the Kindle. ''The reason for the Kindle's success in Japan is the same as it was in America,'' said Munechika Nishida, author of ''The Truth About the E-book Revolution'' and a technology analyst. ''The Amazon Web store is the easiest to use, the easiest to understand.''

Sony and Rakuten's e-readers are not technologically inferior to the Kindle, Mr. Nishida said, but buying e-books on the Kindle marketplace takes fewer steps. Rakuten and Sony's devices make browsing and purchasing more difficult, he said.

The Japan Kindle store, which opened last October, offers more than 140,000 Japanese-language titles. It added 7,000 more titles in just the last 30 days. Kodansha now has 10,617 e-book titles available on the Kindle marketplace.

The Kobo store advertises more than 130,000 e-books, but its limited search capabilities make browsing that inventory difficult. The Sony marketplace offers more than 108,000 Japanese-language titles.

Before the Kindle's arrival, both Kobo and Sony's marketplaces each offered fewer than 80,000 e-book titles. Without a popular marketplace, Rakuten and Sony failed to convince the top two Japanese publishers, Kodansha and Shogakukan, of the profit-generating potential in e-books. Digitalization of their titles proceeded slowly.

Amazon, however, had experience in the United States selling e-books and brought that experience to Japan. That made all the difference for fence-sitting publishers experiencing dwindling profits.

Sales of books and magazines in Japan declined 3.6 percent in 2012, according to the Research Institute for Publications, the eighth consecutive year of declining sales. E-book and e-magazine sales, however, increased by an estimated 18 percent, and the growth potential for e-publishing in Japan is expected to increase following proposed copyright law reforms announced last month by the Agency for Cultural Affairs. The changes, aimed at combating piracy and developing the e-book industry in Japan, are on the agenda for next year's Parliament session.

Nao Takada, a 26-year-old employee of the Japan Automobile Federation, was visiting a Tokyo bookstore, but she, like readers in other parts of the world, may be buying less there. She said she bought the Kindle Paperwhite because it was small and easy to carry, and added that she liked the ease with which she could browse purchases.

''I still go to regular bookstores,'' Ms. Takada said, ''but a lot of times I just browse, find something to buy, then go home and download it on Amazon.''

In Tokyo's Jimbocho neighborhood, famous for more than 100 years for its used and specialty bookshops, Hiroshi Kobayashi of Komiyama Books said customers sometimes used their smartphones to snap photos of books they planned to download later. Still, he said that he didn't consider the Kindle a threat to his livelihood -- yet.

''Eventually, they'll begin making electronic versions of these older, rare books,'' Mr. Kobayashi said. ''Then I'll have something to worry about.''

Correction: September 3, 2013, Tuesday

This article has been revised to reflect the following correction: An article on Monday about the e-reader industry in Japan described incorrectly the screens available on three e-reader models used in a price comparison. The Kindle Paperwhite, the basic Kobo e-reader and the Sony PRS-T2 have monochrome screens, not color screens.

Tokyo shoppers consider e-reader options: Rakuten's Kobo and Amazon's Kindle, above, and readers by Sony, left. (PHOTOGRAPHS BY KO SASAKI FOR THE NEW YORK TIMES)

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The New York Times

Business/Financial Desk; SECTB
**Now, to Widen the Net**

By VINDU GOEL
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MENLO PARK, Calif. -- About one of every seven people in the world uses Facebook. Now, Mark Zuckerberg, its co-founder and chief executive, wants to make a play for the rest -- including the four billion or so who lack Internet access.

On Wednesday, Facebook plans to announce an effort aimed at drastically cutting the cost of delivering basic Internet services on mobile phones, particularly in developing countries, where Facebook and other tech companies need to find new users. Half a dozen of the world's tech giants, including Samsung, Nokia, Qualcomm and Ericsson, have agreed to work with the company as partners on the initiative, which they call Internet.org.

The companies intend to accomplish their goal in part by simplifying phone applications so they run more efficiently and by improving the components of phones and networks so that they transmit more data while using less battery power.

For Mr. Zuckerberg, the formation of the coalition is yet another way in which he is trying to position himself as an industry leader. He has been speaking out more forcefully than other tech executives on topics like immigration overhaul, which the industry sees as critical to its hiring needs. With Internet.org, he is laying out a philosophy that tries to pair humanitarian goals with the profit motive.

''The Internet is such an important thing for driving humanity forward, but it's not going to build itself,'' he said in a recent interview. ''Ultimately, this has to make business sense on some time frame that people can get behind.''

But the effort is also a reflection of how tech companies are trying to meet Wall Street's demands for growth by attracting customers beyond saturated markets in the United States and Europe, even if they have to help build services and some of the infrastructure in poorer, less digitally sophisticated parts of the world.

Google, for example, began a program with phone carriers last year that offers wireless users in some developing countries free access to Gmail, search and the first page clicked through from a search's results. Google is also reaching for the sky with Project Loon, an attempt to beam Internet access down to earth from plastic balloons floating more than 11 miles in the atmosphere.

Twitter, which is preparing to offer shares to the public in an initial stock offering, has struck its own deals with about 250 cellphone companies in more than 100 countries to offer some free Twitter access, and worked to make sure its service is easy to use on even the cheapest cellphones.

These companies have little choice but to look overseas for growth. More than half of Americans already use Facebook at least once a month, for instance, and usage in the rest of the developed world is similarly heavy. There is nearly one active cellphone for every person on earth, making expansion a challenge for carriers and phone makers.

Poorer countries in Asia, Africa and Latin America present the biggest opportunity to reach new customers -- if companies can figure out how to get people there online at low cost.

The immediate goals of the new coalition are to cut the cost of providing mobile Internet services to 1 percent of its current level within five to 10 years by improving the efficiency of Internet networks and mobile phone software. The group also hopes to develop new business models that would allow phone companies to provide simple services like e-mail, search and social networks for little or no charge.

While that sounds far less exciting than, say, Google's idea of delivering the Internet by balloon, Mr. Zuckerberg says small efforts can add up to big changes.

"No one company can really do this by itself," he said.

Facebook is already working on techniques to reduce the average amount of data used by its Android mobile app from the current 12 megabytes a day to 1 megabyte without users noticing.

Qualcomm, whose chip technology is prevalent in advanced cellphones, has created new designs to stretch a phone's battery life, slice the amount of data needed to transmit a video and extend the reach of mobile networks through tiny devices similar to Wi-Fi routers.

The coalition partners have also begun trying new ways of reducing the data charges paid by cellphone customers while still enabling phone makers and carriers to make money.

For example, Nokia, the Finnish cellphone maker, ran a recent experiment with Facebook and the Mexican phone carrier Telcel, in which it bundled free Facebook access with some of its Asha feature phones. Sales rose significantly, and the company decided to run similar promotions for customers of Bharti Airtel, a mobile carrier in India and Africa.

However, the Internet.org team does not plan to tackle some thorny infrastructure issues that are huge barriers in the developing world, particularly the long-distance transmission of data to far-flung places.

Michuki Mwangi, regional development manager for Africa at the Internet Society, a nonprofit group that has long worked to expand global Internet access, said the continent sorely lacked local interconnection points, forcing most requests for content like YouTube videos to be routed through Europe at high cost. Creating more connection points would require navigating a thicket of government interests and powerful incumbents. But at the very least, the group would like Facebook and Google to put copies of their content on a greater number of African servers to deliver it more quickly and cheaply, something that both companies say they are considering.

As with the Open Compute coalition started by Facebook in 2011 to improve the efficiency of data centers, Facebook will seek to add other partners to Internet.org, including national governments, wireless phone carriers and Microsoft, a longtime Facebook ally that has its own projects to expand access.

But Google -- whose search and YouTube video products are as fundamental as Facebook's social network to many Internet users -- is likely to remain outside the group.

For one, its own efforts to expand Internet access are aggressive. In addition, the company is constantly refining its Android software, which runs the majority of new smartphones sold, to improve efficiency and battery life.

"We're always making investments in technology and programs to help people get online," said Courtney Hohne, a Google spokeswoman. "We have teams around the world working on products tailored to local needs."

Bill Gates, the chairman of Microsoft and co-chairman of the Bill and Melinda Gates Foundation, recently suggested that Project Loon and similar projects were not the best use of resources to help people in the poorest nations.

"When a kid gets diarrhea, no, there's no Web site that relieves that," he said in a recent interview with Bloomberg Businessweek.

Mr. Zuckerberg acknowledged that basic health care is essential, but said that "if you can afford a phone, I think it would be really good for you to have access to the Internet."

The potential is already obvious in places like the Philippines, where the second-largest mobile phone company, Globe Telecom, has used free Twitter, Facebook or Google access as promotions to increase the number of its 37 million users who also subscribe to a mobile data plan to 20 percent from virtually zero in two years.

"Once you're connected, you're connected, and you don't want to look back," said Peter Bithos, Globe's senior adviser for consumer business.

For Facebook, which generates most of its revenue from selling advertising that it shows to its users, the immediate profits from expanding Internet access will be minimal, Mr. Zuckerberg said, although he acknowledged that the long-term potential was there.

 

''We're focused on it more because we think it's something good for the world,'' he said, ''rather than something that is going to be really amazing for our profits.''

A new Internet-access project could help Mark Zuckerberg, chief of Facebook, cement his position as an industry leader. (B1); From left, Jay Parikh, Javier Olivan and Aaron Bernstein, Facebook officials involved with a consortium trying to deliver free or cheap ways to use the Internet to people who lack access. (PHOTOGRAPHS BY JIM WILSON/THE NEW YORK TIMES) (B4) MAP: Connected by Country: Currently, 2.7 billion people use the Internet, or 39 percent of the world's population. Europe has the highest use, followed by the Americas, but in Africa, only 16 percent use it, half of the rates of Asia and the Pacific. (Source: International Telecommunication Union (United Nations)) (B4)

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The New York Times

GADGETWISE
Business/Financial Desk; SECT

**A Digital Camera From a Kit**

By ROY FURCHGOTT
321 words
22 August 2013
The New York Times
NYTF
The New York Times on the Web
English


Learning toys often start as a collection of parts, which after the assembly -- and presumably the learning -- collect dust on a shelf (Visible Man model, anyone?)

But the Bigshot camera is an educational kit that, once built, is a usable digital camera with its own battery charging crank, 3-D lens and wide-angle and regular lenses, and online lessons about optics, electronics and imaging.

The camera says it is intended for children 8 and up, although it takes a lot of patience and careful attention to instructions to build the camera. It took me about an hour to complete the project.

The most challenging part was locking down various parts with the small screws that are included. It takes a fair amount of torque to tighten them properly -- maybe more than an 8-year-old can muster -- and it requires a deft touch not to strip the plastic sleeves the screws fit in. I had to use my own jeweler's screwdriver, rather than the screwdriver provided.

As you might expect from a $90 camera you build yourself, the quality of the optics isn't outstanding. Photos aren't terribly sharp and the shutter is slow. That doesn't mean you can't take good pictures (just ask any photographer involved in the creative Lomography field, which relies on a toy camera).

The Bigshot falls short in two respects. One is the crude software used to import photos. It looks as if it belongs to a decade-old PC. The other is the explanation of the science behind the camera. Much of it is needlessly complex. An 8-year-old may be able to build the camera, but I defy one to understand what this explanation from the Web site means: ''The freed electrons are collected in a bucket-like region known as the potential well.''

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The New York Times

INTERNATIONAL REAL ESTATE
Real Estate Desk; SECT

**House Hunting in ... Nova Scotia**

By ALISON GREGOR
929 words
22 August 2013
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NYTF
The New York Times on the Web
English


A FARMHOUSE WITH LODGE-STYLE INTERIORS ON NOVA SCOTIA'S SOUTH SHORE

4.8 MILLION CANADIAN DOLLARS ($4.64 MILLION)

Long Cove Farm, a 270-acre oceanfront property on its own peninsula in Nova Scotia, was built at the end of the 18th century by homesteaders from Germany and has had only three owners. The current owner, James Moir, bought the unrenovated farmhouse in 1991 and spent eight years revamping it, retaining the original structure but recreating the interiors to evoke a century-old hunting lodge.

''When people visit,'' said Mr. Moir, ''they all think that this was created over 100 years ago, which was one of my desires when I renovated it room by room by room.'' In addition to the four-bedroom farmhouse, the property has six outbuildings and miles of boardwalks and trails through forests, marshes and meadows. It also has its own suspension bridge.

The two-story cedar-shingled farmhouse has pinewood interiors, large old-style windows, and 2,779 square feet of living space, including a screened-in veranda. The family room has a tall fieldstone fireplace, and the living room nearby has an old-style gas stove. The country-style kitchen has painted wood cabinets, birchwood countertops and a wood-burning stove called a Heartland Sweetheart, made by the English company AGA Rangemaster.

Much of the furniture is built-in, including several daybeds, lots of cupboards and a desk; the finished basement has storage cabinets for skis, camping gear, clothes and other items. The two baths, one off the ground-floor master bedroom, have fixtures salvaged from old houses, among them clawfoot tubs in pinewood surrounds. In designing the rooms, Mr. Moir said, he consulted period guides like a 1930s issue of House & Garden magazine. Hunting and fishing memorabilia collected over the course of three decades can be included for a negotiable fee.

''My dream was to have a place where people want to just curl up in a rocking chair by the fireplaces with the coonhounds at their feet and smoke a pipe and play checkers all day and never leave that room,'' he said.

Outbuildings include a primitive two-story log cabin, a workshop, a boathouse with a ramp and various storage sheds. The property, in the hamlet of Voglers Cove on the south shore of Nova Scotia, has four miles of coastline with a small wharf, a shoreline deck and beaches. Bridgewater, population about 8,200, is about half an hour's drive, as are the picturesque port villages of Lunenburg, a Unesco World Heritage Site, and Mahone Bay. The closest international airport, in Halifax, is about an hour and 45 minutes.

MARKET OVERVIEW

As many as half the houses along the south shore, from Halifax to Yarmouth, are owned by nonresidents, primarily Americans, said Al Mosher, a sales associate based in Lunenburg with Keller Williams Realty. Many Americans bought in the early and mid-2000s, when the currency exchange rate with Canada was highly favorable. When the global real estate crisis struck in 2008, most new American buyers disappeared from the market, and prices for waterfront and sea-view homes took a hit.

''It wasn't a dramatic drop,'' Mr. Mosher said, ''but prices did level off and drop, probably about 20 percent.''

However, Canada's regulatory system and the relatively stringent lending standards of its banks eventually reinforced the market's stability, brokers said. Even if individual homes lost value after 2008, price averages in the Halifax-Dartmouth area have grown steadily, according to data from the Canada Mortgage and Housing Corporation. In 2012, the average price of a Halifax-Dartmouth area home was 268,843 Canadian dollars ($260,000).

The average for a waterfront home on the south shore is about 325,000 Canadian dollars ($314,000), said Tim Harris, the broker-owner of Tradewinds Realty, which has the listing for Long Cove Farm. If a home has a sea view or a waterfront location, it gets a premium of at least 100 percent, he said.

Other popular areas for vacation and second homes include the scenic Annapolis Valley on the northwestern portion of the Nova Scotia peninsula, and Cape Breton, a large island to the northeast, Mr. Harris said.

WHO BUYS IN NOVA SCOTIA

Since 2008, the big buyers of vacation homes in Nova Scotia have been Canadians from other provinces, Mr. Harris said: "Over 95 percent of our buys are now Canadian."

The remaining 5 percent are foreigners, mainly from Britain, he said. But after handling a couple of recent home sales to Americans, Mr. Mosher said, he believes "the Americans are starting to come back a little bit."

BUYING BASICS

There are no restrictions on foreign buyers in Nova Scotia. The closing costs for resales are nominal, about 1 percent or even less on an expensive home, including the lawyer's fee of 2,000 to 3,000 Canadian dollars ($1,932 to $2,897), Mr. Harris said.

While many foreign buyers pay in cash, financing is available, usually for about 65 percent of the purchase price, he said.

WEB SITES

Official Nova Scotia tourism site: Novascotia.com

Nova Scotia Association of Realtors: Nshomeguide.ca

Town of Lunenburg : Explorelunenburg.ca

Mahone Bay visitor guide: Mahonebay.com

LANGUAGES AND CURRENCY

English and French; Canadian dollar (1 Canadian dollar=$0.97)

TAXES AND FEES

Property taxes are about 8,000 Canadian dollars ($7,726) a year.

CONTACT

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Document NYTF000020130822e98m00051

 

The New York Times

Foreign Desk; SECTA
**Thai Rubber Farmers Block Road to Protest Prices**

By THOMAS FULLER; Poypiti Amatatham contributed reporting from Nakhon Si Thammarat, Thailand.
953 words
30 August 2013
The New York Times
NYTF
Late Edition - Final
5
English


KHUAN NGOEN, Thailand -- The rubber farmers of southern Thailand are inured to hardship, whether from the toilsome predawn harvests in mosquito-infested plantations or the vagaries of the market for their latex. But this month, they snapped.

After two years of falling rubber prices had driven many farmers into debt, hundreds of them blockaded the region's main north-south road and railroad to protest.

''This was our last resort, our only option,'' said Thaworn Ruengkling, a rubber farmer who says he can no longer earn enough from farming to cover the cost of fuel and fertilizer, never mind feeding his family.

''We can't take it anymore,'' Mr. Thaworn said Thursday at one of the intersections that the farmers had blocked with commandeered trucks and buses.

For years, breathless economic growth in Asia, especially in China and India, helped send the prices of commodities like rubber, palm oil and coffee soaring. But as Asia began to cool off and the West remained sluggish, the prices of many commodities have crashed, threatening the incomes of millions of farmers, especially in Southeast Asia.

The rubber farmers' blockade has caused a political storm in Thailand, and analysts say it will not be the last. The Thai police tried and failed to remove the farmers here by force, a clash that has helped embolden the political opposition led by the Democrat Party, which is strongest in southern Thailand.

Bridget Welsh, a researcher based in Singapore and an expert on Southeast Asian politics, said that falling commodity prices were likely to have political implications in Malaysia, Indonesia and Vietnam as well, all countries where the government relies to varying degrees on rural support. In Indonesia, five million people work on palm oil plantations; in Malaysia, farmworkers and holders of small tracts of land are part of the core of the governing party's support.

If prices continue to slide, governments in Asia may soon be faced with deciding which farmers to support, as Thailand has on a large scale by providing billions of dollars in subsidies to rice farmers, and which ones they cannot afford to help.

Ms. Welsh predicted that the price declines would ''lead to instability and strengthen the opposition'' in Malaysia and Thailand, and ''expose regional governments to more scrutiny'' of how they manage their economies.

The sharp decline in rubber prices -- more than 45 percent in two years -- appears traceable to a classic boom-and-bust cycle: farms that expanded when demand was high now produce too much rubber when demand is slack.

Thailand has long been the world's leading producer of rubber, but over the past decade China, India, Indonesia, Myanmar and Vietnam have contributed to an increase in output of millions of tons, according to the United Nations Food and Agriculture Organization.

''We are in real trouble,'' said Banlue Chankaew, a third-generation rubber farmer standing at a barricade on the main north-south road on Thursday. After splurging on cars, motorcycles, furniture and smartphones during the good years, many farmers have now had to borrow money, often at usurious rates from loan sharks. Those who cannot pay their debts have fled to other parts of the country, Mr. Banlue said.

Responding to the farmers' calls to guarantee them prices well above current market rates, government officials have held negotiations and appear to be haggling over how much assistance they will provide. But the government has also sought to portray the protesters as troublemakers. The provincial police chief warned reporters and government officials on Thursday that it would be dangerous to visit the protests.

''Don't risk your life,'' said Maj. Gen. Ronnapong Saikaew, the chief of police in the province of Nakhon Si Thammarat.

Mr. Banlue does not elicit fear. Soft-spoken and courteous, he seemed out of place at the barricade. ''I'm 45 years old, and this is my first time taking part in a protest,'' he said.

Other protesters, especially younger ones, were armed with wooden sticks and slingshots. At night, they burn tires near the barricades.

Opposition leaders accuse Thailand's prime minister, Yingluck Shinawatra, of botching the government's response to the protests. Responding to reporters' questions earlier this month, Ms. Yingluck said Thailand would not be able to influence the global rubber price because ''with regards to the quantity of rubber, we have a small amount compared with other countries.'' Thailand has been the world's largest rubber producer since 1990, when it overtook neighboring Malaysia and today produces just under one-third of the world total.

The rubber crisis is one of a number of problems facing Ms. Yingluck, who had not held political office before becoming prime minister in 2011, and the opposition often faults her for being inexperienced and for lacking detailed knowledge of the economy. Beyond that, rubber farmers say she favors rice farmers, who are concentrated in areas where Ms. Yingluck's political party, Pheu Thai, has strong support.

''We feel we are the forgotten child in the family,'' said Mr. Banlue, who was also the deputy headman of his village.

The rubber farmers say they only resorted to blockades after repeatedly writing to government officials asking for help but never receiving a response.

''We had to think of a way,'' said Wichan Raksapon, whose neat rows of rubber trees grow beside the blocked road, ''that would make people understand that we have severe problems.''

In an image from CCTV footage released on Monday, Bo Xilai, a former official, reads his closing trial statement in Jinan. (PHOTOGRAPH BY GUILLEM VALLE FOR THE INTERNATIONAL HERALD TRIBUNE)

Document NYTF000020130830e98u00070

 

The New York Times

Business/Financial Desk; SECT
**Court Gives Kodak Approval to Leave Bankruptcy**

By REUTERS
553 words
21 August 2013
The New York Times
NYTF
The New York Times on the Web
English


The Eastman Kodak Company, once a mighty photography pioneer, received court approval on Tuesday for its plan to emerge from bankruptcy as a much smaller digital imaging company.

The ruling by Judge Allan L. Gropper of the Federal Bankruptcy Court for the Southern District of New York puts Kodak on track to exit bankruptcy in about two weeks.

''It will be enormously valuable for the company to get out of Chapter 11 and hopefully begin to regain its position in the pantheon of American business,'' Judge Gropper said.

Kodak, based in Rochester, was for years synonymous with household cameras and family snapshots. It filed for bankruptcy protection in January 2012, weighed down by high pension costs and a delay of years in embracing digital camera technology.

Kodak's chief executive, Antonio M. Perez, said in a statement, ''We move on to emergence as a technology leader serving large and growing commercial imaging markets.'' He said the company would have a leaner structure and a stronger balance sheet.

Kodak has sold assets, including its consumer operations, and will now focus mainly on commercial products like high-speed digital printing technology and flexible packaging for consumer goods.

In bankruptcy, Kodak failed to obtain significant value for its portfolio of patents. Experts said that was a crucial reason it had to sell core businesses and reinvent itself. But the bankruptcy resolved a major dispute with retirees over pensions, and it has forged a restructuring plan that, while wiping out shareholders, should pay secured creditors and second-lien noteholders in full.

General unsecured creditors are likely to receive a marginal payout in the neighborhood of 4 to 5 cents on the dollar.

''This comes on a day when many are losing retirement benefits and many are finding that their recovery as a creditor is just a minute fraction of what their debt is,'' Judge Gropper said. ''But I cannot decree a larger payment for creditors or any payment for shareholders if the value is not there.''

Kodak plans to emerge from bankruptcy as early as Sept. 3, its lawyer, Andrew Dietderich, said at a hearing in bankruptcy court.

Kodak's bankruptcy capped a protracted plunge for the company, which was founded in 1880 by George Eastman, the inventor of the hand-held camera and rolled photographic film. Kodak's market value topped $31 billion in the mid-1990s.

When it filed for bankruptcy, it hoped to fetch more than $2 billion for about 1,100 patents related to digital imaging. But partly as a result of losses in patent litigation with Apple, the company was able to sell the portfolio for only about $525 million to an alliance led by Intellectual Ventures and the RPX Corporation.

The company sought other ways to save money. In April, it resolved a crucial dispute with its British pension, which dropped a $2.8 billion claim against Kodak while buying the company's personalized imaging and document imaging businesses for $650 million.

The company reached an $895 million financing deal in June with JPMorgan Chase, Bank of America and Barclays. It is also planning a $406 million rights offering, selling 34 million shares, or 85 percent of the equity in the reorganized company, with proceeds going to creditors.

Document NYTF000020130821e98l0004y

 

The New York Times

DEALBOOK
Business/Financial Desk; SECTB

**Divesting a Brand**

By CHAD BRAY
421 words
10 October 2013
The New York Times
NYTF
Late Edition - Final
8
English


LONDON-- Nestlé, the Swiss food giant, is looking to sell its Jenny Craig brand, just seven years after spending $600 million to buy the weight-loss company from two private equity firms, according to a person briefed on the matter.

The move follows comments last week by Nestlé's chief executive, Paul Bulcke, that the company planned to divest some of its underperforming businesses.

''Divestitures, we're going to have some,'' Mr. Bulcke told an analyst presentation last week.

The Swiss food maker declined to comment on Wednesday.

Jenny Craig sells prepackaged food focused on portion control and tailors weight-loss programs for consumers, offering telephone and in-store consultations for a fee.

Nestlé acquired the business in 2006 after winning a long-running auction. It had been put up for sale by ACI Capital and MidOcean Partners, a spinoff of Deutsche Bank's private equity business. The private equity firms bought a majority interest in Jenny Craig from the company's founders, Jenny Craig and her husband, Sid, in 2002 for $115 million.

At the time, Nestlé said that it was looking to bulk up it Nestlé Nutrition unit, which includes is Gerber baby food business and its Powerbar energy bar brand.

Reuters, which reported on Wednesday that Jenny Craig was on the block, said last month that Nestlé had put the Powerbar brand up for sale.

The Swiss giant has a large stable of brands that touch on almost every area of food, including KitKat chocolate bars, Häagen-Dazs ice cream, Nespresso coffee, Lean Cuisine frozen food and Purina dog and cat food. In recent months, the company has begun to trim its offerings, selling Peters Ice Cream, an Australian brand, to a private equity firm in June and the Carola and Val Saint Lambert bottled water brands in France in July.

While not addressing any specific business lines, Mr. Bulcke, the Nestlé chief, said at the investor presentation on Oct. 1 that there was a short list of business lines that the company planned to focus on fixing, but some business lines could be sold.

''We are business people. We want to do business, not get rid of business,'' Mr. Bulcke said. ''But there are certain things that we don't see that we can fix.''

Nestlé has retained Goldman Sachs as an adviser on a potential sale of Jenny Craig.

This is a more complete version of the story than the one that appeared in print.

Document NYTF000020131010e9aa0004j

The New York Times

Money and Business/Financial Desk; SECTBU
**A Jacket's Reversible Lure**

By ALINA TUGEND
1,646 words
17 November 2013
The New York Times
NYTF
Late Edition - Final
4
English


It started when I bought a North Face jacket.

Of course, I was aware of the brand's popularity. But it wasn't until I got my own that I realized how omnipresent it was. That particularly struck home one day when I, a middle-aged woman, was getting out of my car. I glanced up at the young man walking nearby. He was wearing the same jacket.

Usually when a brand moves from urban chic to suburban moms, or from elite athletes to everyday wear, it loses some luster. But the North Face seems to have escaped that fate, and is embraced by the city student, the rural rancher and just about everyone in between.

Further searching backed up my anecdotal evidence. There's a picture of President Obama in a North Face jacket, dropping off his daughters at school. In the 2012 presidential campaign, Mitt Romney and his running mate, Paul Ryan, campaigned in North Face jackets, one black, one red. The rapper Drake wears a leopard-patterned one. Students in South Korea have called it "the uniform worn over the uniform" and rank classmates according to what type they own, according to a CNN article last year.

As one blogger said this year, these jackets seem to be "taking over the world."

"Think I'm lying?" the blogger posted on greensboring.com. "Try this: the next time you're in a restaurant or a public place start looking around and count the North Face apparel."

Given all that, I figured that this would be an interesting topic: How did North Face manage to pull off that marketing miracle? Surely its top executives would be eager to discuss it.

Not really.

When asked about the secret behind its unusually widespread appeal, the people at North Face and its holding company, the VF Corporation, weren't so eager to talk. Or rather, they were happy to speak endlessly about the North Face-wearing marathoner, snowboarder and mountain climber -- the sort of athlete featured in the company's newest national television commercial, which began appearing last week.

The commercial shows several athletes skiing perilous slopes, running near a waterfall or staring soulfully from a sailboat, all with a backdrop of spectacular scenery and a voice-over reciting the words of John Muir and ending with his famous line, "The mountains are calling and I must go."

North Face ads don't really focus on the rest of us, who wear the jackets as we commute to work or take a stroll in a city park.

And there are a lot of us. In 2012, North Face accounted for 33.5 percent of the outdoor apparel market in the United States, according to SportsOneSource, a market research firm. That number refers only to apparel like fleeces, jackets, vests, pants and hats, not to backpacks and other gear -- and only to products sold by sporting goods retailers like Dick's Sporting Goods and REI, not North Face's own outlets. But those big retailers represent the largest share of outdoor apparel sales, said Matt Powell, a SportsOneSource analyst.

Rather than tooting its own horn, North Face, based in San Leandro, Calif., denies that it dominates the United States market that much. It said in an email that "once you include sportswear, footwear, equipment and the other categories the share is not that high." But the company didn't want to provide its own number.

Todd Spaletto, president of North Face, says he doesn't even know who the company's typical consumer is. "We don't measure. We don't look at average age or where they live," he said. "We know where our products are being purchased, but we don't track or market around specific household levels."

Instead, he said, North Face decided four years ago to divide its products and marketing into four "activity based" models: hiking, trekking and mountaineering; running and training; snow sports; and youth (aimed at those 12 and under). "We do consider our core customer to be someone who is centered in one of those activities," he said.

Kelly Goldsmith, an assistant professor of marketing at the Kellogg School of Management at Northwestern University, was a little skeptical that the company didn't track its demographics. She has no specific knowledge of North Face, she said, but "for such a big successful company, it's hard to believe."

Companies need demographic data for all sorts of reasons, including targeted advertising, she said. "Maybe they don't want it to be in The New York Times that their average customer is, say, a 36-year-old stay-at-home mom," she said.

North Face's nearest competitor, Columbia Sportswear, with 12.5 percent of the nation's outdoor apparel market in 2012, according to SportsOneSource, aggressively takes the opposite stance. Columbia, based in Portland, Ore., subscribes to the belief that "ordinary people don't identify with elite athletes taking extreme risks; they find them terrifying," said Tim Boyle, the company's president and C.E.O.

Mr. Boyle is happy to say his company's average customer is "a 35-year-old family person -- a mom or dad who likes taking the kids outside for hiking and camping."

Columbia sells clothing and gear for the serious athlete through its Mountain Hardwear brand and footwear through its Sorel brand. And it is quite willing to sell Columbia clothing at discount stores like T.J. Maxx, an approach North Face shuns.

"I think they've got their position in the marketplace and they would probably never admit there was a college girl buying their product," Mr. Boyle said. "But they'd be a much smaller business if college girls weren't buying."

Mr. Spaletto's response? "We like that there's greater adoption of our brand, but that's not our focus."

It's not surprising that North Face is cautious about how it presents itself. It's hard to convince customers of exclusivity once a brand is everywhere. The company clearly sees the danger, and it walks that tightrope very, very carefully.

The company knows well that "catering to the masses is where most of the money is," Professor Goldsmith said. "Catering to the niche market is where you build your brand equity."

As Mr. Spaletto said, "I think a big mistake other brands make when they find a wide variety of different consumers like their product is that they try to change the way they position their brand. We have never done that."

And the strategy apparently works. North Face reported global revenue of $1.9 billion in 2012, up from $242 million in 2001, right after it was bought by VF. Its steadily rising revenue appears to indicate that it has found a way to draw in average consumers without undercutting its aspirational message.

One way it does so is by sponsoring athletes around the world. They are showcased in its advertising and videos looking impossibly fit and daring, and ready to try anything -- even survive an avalanche -- when equipped with their North Face gear.

"They are really authenticated by their relationship with climbers and people who camp in frigid weather," said Marie Driscoll, an apparel industry analyst. "So in New York City, people think, if such-and-such athlete is willing to trust this on the hills of Latin America, I'm willing to pay a little more for the brand." She added: "With sports apparel, unlike fashion apparel, there's not the same negativity that big is the enemy of cool. It means we're part of the same clique or team."

Committed athletes, meanwhile, say North Face has managed to maintain, and even improve, its quality control and innovation.

 

"There's some derision among hard-core athletes that you see North Face appearing everywhere, but there's been no decline in their quality," said Marc Guido, an alpine and backcountry skier who is the editor of First Tracks, an online ski magazine. North Face doesn't sponsor or advertise in Mr. Guido's magazine.

The company was started in the 1960s by two climbers who wanted to help other climbers find quality backpacks and equipment. The logo -- three curved lines next to the name -- represents the Half Dome of Yosemite National Park.

In 2000, VF, a public company, bought North Face, whose popularity was soaring with the "wilderness chic" fashion of the time. It is now VF's largest division, accounting for 20 percent of its revenue, up from 16.6 percent in 2009. North Face has 50 store locations and 16 outlets across the United States; one-third of its business is international. Online sales are growing and accounted for about 5 percent of North Face's revenue last year, the company said.

Though wilderness fashion may have faded, North Face has "managed to update their look a little, without going too far," said Marshal Cohen, chief industry analyst at the NPD Group. "So many brands will dilute the power of the product to make it more accessible."

So can the company continue to balance between the hard core and the softer core? "That's the secret sauce," said Mr. Powell, the SportsOneSource analyst. "I think they have really smart people who have a good handle on what to do. But a brand can lose its cool very easily."

Todd Spaletto, at top, the president of the North Face, says it doesn't know who its typical consumer is. "We don't measure," he said. "We don't look at average age or where they live." Though the company sells its gear at various retailers, there are also 50 North Face store locations and 16 outlets nationwide, including a store in San Francisco, above. (PHOTOGRAPHS BY PETER DASILVA FOR THE NEW YORK TIMES)

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The New York Times

Business/Financial Desk; SECTB
**Lenovo Reports a 36% Jump in Profit**

By THE ASSOCIATED PRESS
337 words
8 November 2013
The New York Times
NYTF
Late Edition - Final
5
English


BEIJING -- The Lenovo Group, the world's top supplier of personal computers, said on Thursday that its latest quarterly profit rose 36 percent as sales of smartphones and tablet computers more than doubled.

Lenovo earned $220 million, or $2.12 a share, in the three months ended Sept. 30, the company said. Revenue rose 13 percent from a year earlier to $9.8 billion.

The results reflect the shift underway as people switch to going online wirelessly and manufacturers that had counted on the bulk of their revenue from desktop PCs scramble to keep up.

Lenovo said its sales of smartphones, tablet computers and other mobile devices rose 106 percent over a year earlier, to $1.5 billion. Mobile's share of revenue expanded to 15 percent from the previous quarter's 9 percent.

Sales of traditional desktop PCs fell 3 percent, to $2.7 billion, while laptop sales rose 8 percent, to $5 billion.

''We are optimistic about the industry's outlook,'' Lenovo's chairman and chief executive, Yang Yuanqing, said in an earnings announcement.

''The PC market is recovering, and tablet growth continues shifting to mainstream and entry-level segments, as well as emerging markets. These are Lenovo's strength areas,'' Mr. Yang said. ''We are confident that we will capture these opportunities and continue our strong growth.''

Lenovo, which is based in Beijing and in Research Triangle Park, N.C., has said it expects mobile devices to make up the bulk of its business in the coming years.

In the Chinese market, Lenovo's revenue rose just 1 percent, to $3.8 billion, reflecting a steady decline in economic growth. It said smartphone and tablet sales in China rose 45 percent.

Lenovo was declared the No. 1 personal computer maker in the previous quarter by the research firms Gartner and IDC, surpassing Hewlett-Packard. But that success was tempered by data that showed sales of desktop computers steadily declining.

Document NYTF000020131108e9b80009b

The New York Times

Business/Financial Desk; SECT
**News From the Advertising Industry for the Week of Nov. 4**

By STUART ELLIOTT
1,582 words
4 November 2013
The New York Times
NYTF
The New York Times on the Web
English


Accounts

â– Hotels.com, Dallas, part of Expedia, selected Crispin Porter & Bogusky, part of MDC Partners, as the lead creative agency on its account. Spending was estimated at $40 million. The assignment was handled by the Chicago office of Y&R, part of the Young & Rubicam Group division of WPP. The assignment is to be handled by Crispin Porter out of Boulder, Colo.; the agency has headquarters in Boulder and Miami.

â– Commerce Bank, part of Commerce Bancshares, Kansas City, Mo., named Olson, Minneapolis, its agency of record. The account was handled by Bernstein-Rein, Kansas City. Annual marketing spending for Commerce Bank, with 200 branches in five states, was estimated at $15 million.

â– InSinkErator, Racine, Wis., part of Emerson, chose Preston Kelly, Minneapolis, as its marketing agency of record, to handle tasks that include creative, strategy, digital, search, media and public relations. Billings were not disclosed. The assignment was previously handled by the Milwaukee office of Cramer-Krasselt.

â– Carolina Beverage Corporation, Salisbury, N.C., named BooneOakley, Charlotte, N.C., as its advertising agency of record for its Cheerwine soft drink. Billings were not disclosed. The assignment was handled by Woods Witt Dealy & Sons, New York.

People

â– Tor Myhren, president and chief creative officer of Grey New York, part of the Grey division of the Grey Group, is also assuming the post of worldwide chief creative officer of Grey, succeeding Tim Mellors, who is retiring, the agency said. The Grey Group is owned by WPP.

â– Matt MacDonald joined BBDO North America, New York, part of the BBDO Worldwide division of the Omnicom Group, as executive creative director on the agency's AT&T account, a new post. He had been chief creative officer at JWT New York, part of the JWT division of WPP. Also, Wil Boudreau, an executive creative director at BBDO New York on accounts like Lowe's, will take a vacant post at the agency's Atlanta office, becoming executive creative director on all accounts apart from AT&T.

â– Court Crandall, partner and executive creative director at Wong, Doody, Crandall, Weiner, based in the Los Angeles office, is leaving the agency to focus on his work in areas like film and television; he is writing a script for ''Off the Strip,'' a pilot for a series for Fox. Mr. Crandall, in an email on Friday, described his parting as ''truly amicable'' and said he would remain at the agency through November. Tracy Wong, partner and executive creative director of the agency, based in the Seattle office, said the agency would revert to its original name, WongDoody; in an email, he wrote: ''It's a pretty unforgettable name, icebreaker and comedic fodder. Saying goodbye to Court had us staring in the face of an agency called Wong, Doody, Weiner, and that makes even us blush.''

â– Four executives, all of whom worked recently or in the past at Bailey Lauerman, Lincoln, Neb., are opening an agency named Agent, in Lincoln. The founders of Agent are: Raleigh Drennon, partner and executive creative director, formerly executive creative director at Bailey Lauerman; John Hayden, partner and creative director, formerly senior art director at Bailey Lauerman; Monte Olson, partner and chief executive, formerly chief executive at Thought District and a former vice president at Bailey Lauerman; and James Strange, partner and creative director, formerly design director at Bailey Lauerman.

â– Lee Applbaum joined PatrÃ³n Spirits International, Schaffhausen, Switzerland, as chief marketing officer, succeeding Matt Carroll, who is retiring at the end of the year, the company said. Mr. Applbaum most recently was an independent consultant to Target Australia, where he served as chief marketing officer, and before that was executive vice president and chief marketing officer at RadioShack. Mr. Applbaum will work from Switzerland as well as the PatrÃ³n satellite United States office, in Southland, Tex.

Miscellany

â– ShopStyle, part of PopSugar, San Francisco, is to introduce on Monday its first national advertising campaign, which includes traditional media like television, print and outdoor as well as digital ads like search engine marketing and social media. The budget for the campaign, scheduled to run through January, is estimated at $25 million. ''We've seen tremendous growth over the course of the seven years we've been in business, and we want to grow even faster,'' said Brian Sugar, chief executive at PopSugar. ''To get the level of brand awareness, the scale we want, we need a complete marketing mix.'' ShopStyle joins a lengthening list of dot-coms that are advertising, or testing ads, in traditional media, among them Fab.com, Kayak, Spotify and TripAdvisor. The ShopStyle campaign, carrying the theme ''We Search, We Find, We ShopStyle,'' is being created by Sub Rosa, New York; media planning is being handled by the Media Storm unit of the Walter Cooler Group.

â– AKPD, the Analytics Media Group and Bully Pulpit Interactive -- sibling agencies that specialize in political campaign work in areas like ad creation, audience targeting, data analytics and digital strategy -- are expanding to New York. John Del Cecato, partner and creative director at AKPD, is leading that agency's New York office. The New York office of Analytics Media is being led by Chauncey McLean, chief operating officer. And Mark Skidmore, partner at Bully Pulpit, is leading that agency's effort in New York. The agencies are sharing office space at 636 Avenue of the Americas at 19th Street.

â– Six independent agencies in Copenhagen have formed a partnership under the name Impact Alliance. The agencies are: Attention Film; Event Republic; Off-Road; Scandinavian DesignLab, part of the IDna Group; Spoiled Milk; and UiWE. Gorm Bloch will lead Impact Alliance as its head.

â– Commercial time during the ABC broadcast of the 86th annual Academy Awards, scheduled for March 2, is virtually sold out, the earliest that has happened in quite some time. (Comparisons are difficult because for many years a major sponsor, Revlon, bought a large number of spots, helping the broadcast sell out faster because there was less commercial time to be sold to other advertisers.) Variety reported that ABC, part of the Walt Disney Company, had been asking $1.8 million to $1.9 million for each 30-second spot in the broadcast, compared with $1.65 million to $1.8 million for commercials during the 85th annual Oscars, which took place on Feb. 24.

â– Stan Adler Associates, New York, which specializes in work for mutual funds, investment managers and other financial services firms, was acquired by the CHR Group, New York. Financial terms were not disclosed. Adler will operate as an autonomous unit of CHR.

â– Engine Group, London, said it would acquire FlipScript China, Shanghai, a digital and social media agency. Financial terms were not disclosed. The agency will be renamed Deep Focus/FlipScript after Deep Focus, a digital and social media agency in New York that Engine also owns.

â– Van Wagner Communications, New York, acquired Citylites USA, Minneapolis, which sells out-of-home advertising space at the Mall of America and in the skyway systems of cities that include Minneapolis and St. Paul. Financial terms were not disclosed.

â– Aggregate Knowledge, San Mateo, Calif., which offers marketers and agencies combined media and audience data through what it calls the Media Intelligence Platform, was acquired by Neustar, Sterling, Va., which specializes in real-time analytics, for about $119 million in cash.

â– Omnicom Group, New York, and the Publicis Groupe, Paris, said the U.S. antitrust review period for their proposed merger had expired; that brings the deal a step closer to completion, which may take place in the first quarter of 2014. Omnicom and Publicis said they had also received approvals from regulatory authorities in Canada, India and Turkey; they previously received approvals in South Africa and South Korea.

â– Heartbeat Ideas, New York, and Heartbeat West, Santa Monica, Calif., two digital health care agencies, have been acquired by the Publicis Groupe, Paris, which is merging them with health care agencies under its Saatchi & Saatchi umbrella. Financial terms were not disclosed. Publicis is also combining Saatchi & Saatchi Health Communications and Saatchi & Saatchi Wellness under the Saatchi & Saatchi Wellness name; the Heartbeat agencies will operate as part of Saatchi & Saatchi Wellness, a division of the Publicis Healthcare Communications Group unit of Publicis.

â–  Studiocom, a division of VML, part of WPP, will be rebranded as VML, with the Studiocom offices in Atlanta, Boston and BogotÃ¡, Colombia, becoming offices of VML.

â–  GoDaddy said it would advertise during Super Bowl XLVIII on Feb. 2, returning to the game for a 10th year. The company has bought two 30-second spots during the game from Fox Broadcasting, joining a list of sponsors that will also include Anheuser-Busch InBev, Butterfinger, Chevrolet, Dannon Oikos yogurt, Doritos, Hyundai, Intuit, SodaStream and Wonderful pistachios. GoDaddy said the content of its commercials would reflect its new approach to advertising and eschew the sexy, provocative tone of past years.

â–  ZenithOptimedia Group, London, part of the Publicis Groupe, plans to issue in December a global study that will forecast changes during the next 25 years. The study is part of efforts to mark the media agency's 25th anniversary; the media-buying departments of three agencies including Saatchi & Saatchi were combined on Oct. 30, 1988, to form Zenith Media.

Document NYTF000020131104e9b40002x

 

The New York Times

DEALBOOK
Business/Financial Desk; SECTB
**Qualcomm and Cerberus Join a Bid for BlackBerry**

By DAVID GELLES and IAN AUSTEN
779 words
2 November 2013
The New York Times
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3
English


Updated, 7:36 p.m. | BlackBerry may be on its last legs, but the company still has multiple suitors.

A consortium that includes the wireless company Qualcomm, the private equity firm Cerberus Capital Management and BlackBerry's co-founders, Mike Lazaridis and Doug Fregin, is preparing a bid for the company ahead of a Monday deadline, according to people briefed on the process.

Details of the bid, which was first reported by The Wall Street Journal, were not clear. And the offer could still fall apart, the people said.

But the consortium had the makings of a serious bid that could set it apart in what has become a messy auction process.

In Qualcomm, the group has wireless experience and a large corporate entity that could backstop BlackBerry's losses. Cerberus brings cash, and Mr. Lazaridis and Mr. Fregin, who own about 8 percent of the company's equity, would ease the group's path to control.

BlackBerry, once the leader in smartphones, has been overtaken by Apple's iPhone, and by many devices using Google's Android operating system. The depths of its troubles became clear in recent weeks, as the company reported a quarterly loss of nearly $1 billion and a steep decline in revenue.

Should the group submit a bid on Monday, its only competition at this point would be a highly conditional $9-a-share bid from Fairfax Financial Holdings, a Canadian insurance and investment company. That bid would value BlackBerry, which is hemorrhaging cash, stuck with unsold inventory and apparently directionless, at $4.7 billion.

The offer from Fairfax, which owns about 10 percent of BlackBerry, was made in September as the company's stock price was in a free fall. It was unclear on Friday if Fairfax would be able to arrange financing to propose a formal bid before a deadline of Monday afternoon.

BlackBerry closed down on Friday at $7.77 a share but rose slightly in after-hours trading.

Other groups, including the computer maker Lenovo of China, have reportedly considered making bids for BlackBerry. But so far, few appear to have the appetite to take over the company.

If the Qualcomm consortium does make an offer over the weekend, BlackBerry may announce its receipt of a proposal Monday morning. At that point, the company could extend the deadline for final bids, or announce its choice of a bid as late as Tuesday morning.

If BlackBerry accepts an offer before the Fairfax proposal expires on Monday, it will owe Fairfax about $157 million. It is highly unusual to see a break fee included in such conditional agreements, but BlackBerry appeared willing to accept such terms to arrest its decline in stock price.

Any ownership group including Mr. Lazaridis would be unlikely to pull BlackBerry out of the business of making phones to concentrate on software and providing high security, wireless network services.

In their final months as co-chairmen and co-chief executives, Mr. Lazaridis and Jim Balsillie disagreed about BlackBerry's direction. Mr. Lazaridis believed BlackBerry's future rested with the BlackBerry 10 line of phones, which were introduced this year. Mr. Balsillie wanted the company to focus more on services centered on the BlackBerry Messenger, or BBM, instant messaging service.

The divide continued after both men stepped down from their positions in January 2012 to become board members. People with knowledge of the board's deliberations said the dispute prompted Mr. Balsillie's decision to quit the board and liquidate all his BlackBerry shares.

In particular, Mr. Lazaridis objected to creating BBM apps for iPhones and Android-based handsets. (The company introduced such apps in October.) At its peak, BBM was a significant sales feature for BlackBerry handsets.

The BlackBerry 10 phones, as well as the BlackBerry PlayBook tablet computer, however, proved to be commercial failures and led directly to the company's decision to effectively put itself up for sale.

Exactly how Mr. Lazaridis can revive BlackBerry's fortunes in the critical United States smartphone market is not clear.

Unlike Apple, which designs its own processors, BlackBerry relies on Qualcomm for the chips that operate its new line of phones.

Although Qualcomm controls a large number of wireless communications patents, presumably it is also interested in some of the patents held by BlackBerry.

Michael J. de la Merced contributed reporting.

This is a more complete version of the story than the one that appeared in print.

BlackBerry recently reported a quarterly loss of nearly $1 billion and a steep decline in revenue. (PHOTOGRAPH BY BAGUS INDAHONO/EUROPEAN PRESS AGENCY)

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The New York Times

ADVERTISING
Business/Financial Desk; SECTB
**It Slices, It Dices, It Looks Great In Your News Feed**

By ANDREW ADAM NEWMAN
948 words
31 October 2013
The New York Times
NYTF
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4
English


NEW commercials for Bella, a kitchen appliance brand, highlight its coffee makers, toasters, juicers and slow cookers, but the product that gets the most screen time is one that Bella doesn't make: a smartphone.

The advertising campaign, the first for the brand, which is owned by Sensio, is aimed at so-called millennial consumers from 21 to 36. The commercials encourage using smartphones to post about Bella to social networks.

In one new commercial, morning light fills a kitchen, where a woman in her 20s brews a pot of coffee and is buttering toast when a young man in boxer shorts and a T-shirt sneaks up from behind and embraces her. As they nuzzle and feed each other toast, she snaps self-portraits with her smartphone, and then uploads one to Instagram, a photo-sharing social network.

Another new commercial for the campaign opens with the same actress scrolling through photos of a dinner party on Instagram on her smartphone, and then flashes back to the dinner party, where three different guests are taking photos on their smartphones.

There is no dialogue or voice-over in the spots, which close with the Bella logo and a hashtag, #myBELLAlife.

The campaign, which will appear only online, is by MODCo Creative, an advertising and branding agency in New York. Social media strategy is by the Media Grind, a digital marketing agency in Santa Monica, Calif.

Online banner ads will appear widely, including on YouTube, Hulu and the Kitchn. The budget for the campaign, which is being introduced Friday, is estimated at about $500,000.

Introduced as Bella Cucina in 2004 with novelty products like a quesadilla maker, the brand shifted focus in 2011, changing its name to Bella and introducing a line of colorful and affordable everyday appliances like coffee makers and toasters.

Shae Hong, 36, who co-founded the company in 2003, said the shift two years ago was to appeal to his contemporaries, who he says are not the primary focus of higher-end brands like Cuisinart and KitchenAid.

''Everyone else was targeting baby boomers, and most of those heritage brands don't really relate to younger consumers,'' Mr. Hong said. ''We decided we were going to stand for something else in housewares -- we were going to become the brand for millennials.''

Sales of small appliances in the United States grew 15 percent for the first six months of 2013 over the same period a year ago, to $2.5 billion, according to the NPD Group, a market research firm. The biggest increases came from blender-mixer-chopper combinations (like those made by Vitamix or the Bella Rocket Blender), with sales up 83 percent over the period. Espresso maker sales were up 73 percent and juice extractors up 45 percent.

Advertising in the category typically highlights appliances' features or the meals they produce, often employing so-called tabletop directors and food stylists to get every morsel just so. But Sara Rotman, chief executive of MODCo, said there was no food stylist used for the commercials, which avoided highlighting product features, too.

"Rather than specifically being about how to make a meal or what to do with a juicer, Bella products become part of the social experience and part of their life like another friend in the room," Ms. Rotman said.

The object of the campaign, Ms. Rotman said, is to establish Bella as "much more of a lifestyle brand and human brand" over stressing functionality.

As for the prevalence of smartphones in the spots, Ms. Rotman said it would be unrealistic to depict millennials without the devices.

"If we had a group of 55-year-olds in the commercial tweeting constantly, I feel like it would be a disconnect," Ms. Rotman said. "We encourage sharing but we think that portraying millennials in this way is authentic in and of itself."

On Vine, a mobile app for creating and sharing short video clips, the brand is hiring popular users to post videos about Bella, namely Brittany Furlan, who has 3.3 million followers; Rudy Mancuso, who has 2.2 million followers; and Meagan Cignoli, who has 385,000 followers.

A website for the campaign will feature videos, images or messages that users have tagged on social media sites, including Pinterest and Facebook. On the site, visitors are asked to contribute videos or photographs about how they "keep it cool in the kitchen," and one randomly chosen user who uses the Bella hashtag before Dec. 30 will win $2,500.

Debra Mednick, a home industry analyst at the NPD Group, said that most people who buy kitchen appliances are over 45, and that brands around a century old like Hamilton Beach and KitchenAid may resonate more with older consumers.

"So many brands are heritage brands that have been around a long time so their consumers are older," said Ms. Mednick, who liked the idea of a brand's taking aim at younger consumers.

"Because the demand has generally been older, trying to stir interest in the category from the younger age set is really smart."

For his part, Mr. Hong, the chief executive, acknowledges he may lose newly acquired consumers to more expensive brands when they get older.

"Brands on the premium end like All-Clad and Cuisinart are pretty unattainable for this younger age group," Mr. Hong said. "They might get those through their registry when they get married, but they aren't usually buying at that price point yet."

An online ad for Bella encourages consumers to share photos of its kitchen products on the web.

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The New York Times

Business/Financial Desk; SECTB
**Barnes & Noble to Release Upgraded Version of Black-and-White Nook E-Reader**

By JULIE BOSMAN
494 words
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5
English


Barnes & Noble is set to release a new black-and-white e-reader with a glowing backlit screen on Wednesday, as the bookseller enters the holiday season with declining sales and a cloudy digital future.

The new Nook, with a sharper display and lighter weight, is an update to a device released in 2012 that was meant for nighttime reading.

Barnes & Noble executives said that despite the perception of simple e-readers as transitional products, they believe there is still demand for them as more consumers shift to multifunction color tablets.

''Black-and-white e-readers aren't growing the way they were three or four years ago,'' Michael P. Huseby, chief executive of Nook Media and president of Barnes & Noble, said in an interview on Tuesday. ''But for our particular market, our customers who visit our stores and really value Barnes & Noble as a brand, this is a product they really value.''

The device will appear just before the holiday season, when publishers and booksellers depend on a major boost in sales. It will cost $119, similar to the Kindle Paperwhite that appears with advertising on the screen.

Mr. Huseby said there were no plans for Barnes & Noble to release a new color tablet by the end of the year. ''That does not mean we won't do so in the future,'' he said. ''We're being more measured in terms of how we pace the production of devices.''

Barnes & Noble is the country's largest bookstore chain, with 674 retail stores.

James McQuivey, an analyst at Forrester Research, said he believed that the new Nook was ''spectacular,'' with a sleek design and superb battery life.

But the long-term viability of Barnes & Noble and its Nook business could be a major obstacle in the mind of consumers who are weighing whether to buy one of the company's devices.

''If you were just engineering a device that you wanted people to fall in love with, then yes, it's a great device,'' Mr. McQuivey said. ''But the bigger problem is, will people perceive that Barnes & Noble as a company will be around to fulfill the promises that that device makes? It's a shadow that hangs over the entire Nook enterprise right now.''

Another problem, Mr. McQuivey said, is that the previous generation of devices is not obsolete.

''Probably most of the intended target for the devices already have another device,'' he said. ''The urgency is not there because the old devices are still very good.''

Allen Weiner, an analyst for Gartner, said that Barnes & Noble was compelled to release a new device that would ''get them in the spotlight.''

''This represents, hey, we're still here, and we're still relevant,'' he said. ''This is a logical step in their evolution.''

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The New York Times

Business/Financial Desk; SECT
**Imax to Begin Producing Home Theaters in China**

By KEITH BRADSHER
778 words
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NYTF
The New York Times on the Web
English


HONG KONG -- Imax Corporation, the Canadian company that has long designed and manufactured large-screen cinema equipment on the outskirts of Toronto, plans to announce on Tuesday in Los Angeles that it has set up a joint venture with a Chinese multinational to develop and manufacture $250,000 home theater systems in China.

Imax's decision to set up a joint venture with the Shenzhen-based TCL Multimedia Technology Holdings Limited is the latest sign of the powerful lure that China has become for Hollywood and its suppliers. Nicole Kidman, John Travolta, Leonardo DiCaprio and Zhang Ziyi showed up last month in Qingdao, a beach resort in northeastern China, to attend the announcement of a movie-themed real estate developmentthat is to include 20 movie sound sets.

Imax decided on a joint venture with TCL for the new systems primarily because it expects China to be the largest market for them, Richard L. Gelfond, the chief executive of Imax, said in a telephone interview. Imax also concluded that it needed an alliance with a large television manufacturer in order to handle the distribution and service issues associated with selling to a broader range of households, he said.

While acknowledging that low production costs in China had also been an attraction, Mr. Gelfond said that they had not been central. ''It's not because of the low-end cost structure but because it's the market,'' he said.

Imax already makes $2 million home theater systems for extremely wealthy households at its base in Mississauga, Ontario, and will continue to do so.

China is now the world's largest market for flat-panel television sets, just as it is also the largest market now for everything from cars to cellphones. But two peculiarities of the Chinese box office have made it particularly attractive for manufacturers of high-end home theater systems.

The Chinese government only allows 34 foreign movies to be distributed each year through its cinemas, at least 14 of which must be 3D or Imax versions. But the latest Hollywood movies are widely distributed in China on DVDs and in other formats, prompting Chinese families to spend heavily to see them at home in style.

Another unusual feature of the Chinese market is that Western and Chinese studios have not tried to block the immediate release of movies there in formats suitable for top-priced home theater systems at the same time that the movies are released in cinemas. By contrast, Hollywood studios strictly prohibit the distribution in the West of top-priced home theater versions of first-run movies until they have been showing at cinemas for 30 to 60 days.

Industry studies have predicted that the market for top-end home theater systems could be worth several hundred million dollars a year within several years, mainly because of sales in China but also in the Mideast and Russia, two other markets where very wealthy families also prefer to watch movies in their own mansions. But Mr. Gelfond said that the number of systems sold would not be enough to dent box-office demand in China or elsewhere.

''The cost of this is not at a price point that threatens the theatrical community,'' he said.

Li Dongsheng, the chairman and chief executive of TCL, said in a statement that ''As content viewing in the home is constantly improving, we wanted to stake out an entirely new position in the premium home theater market.''

Mr. Gelfond declined to say how large the screens would be that Imax will manufacture with TCL, except to say that they would be larger than any currently available home theater systems that are designed to fit into conventionally built rooms. Imax's $2 million behemoth requires specially built rooms so as to provide an experience more similar to the company's cinema systems.

Negotiations to set up the joint venture took a year and a half, and TCL has promised to protect Imax's intellectual property, he added.

Mr. Gelfond said that he did not expect any layoffs at the company's Canadian operations, and will continue to do most of its research and development there. Imax's China offices in Shanghai have grown from 8 employees five years ago to 70 now.

Almost all of the Shanghai employees are local hires instead of transfers from Canada, a pattern that the company plans to maintain.

China is on track to pass North America in box office revenue by 2018, and Chinese forecasters predict that it could be twice the size of the North American market by 2023.

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The New York Times

Business/Financial Desk; SECTB
**Apple's Profit Falls Despite Higher Sales Of iPhones**

By BRIAN X. CHEN
1,007 words
29 October 2013
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1
English


SAN FRANCISCO -- Apple now has more product offerings. And Apple now sells its products in more places. But for the third consecutive quarter, Apple does not have more profit.

On Monday, Apple reported a profit of $7.5 billion for the fourth fiscal quarter, on revenue of $37.5 billion, down from earnings of $8.2 billion on $36 billion in revenue during the same period last year.

Apple's iPhone sales were up sharply, thanks in part to the introduction of new iPhone models last month. But iPad sales were flat, and Mac sales slowed down -- and both of those devices brought in less revenue than a year ago.

''Those are really good numbers obviously,'' said Tero Kuittinen, an independent technology analyst for Alekstra, a mobile diagnostics firm, referring to overall revenue and profit. ''But I think the tablet problem is undermining them.''

Apple's profit remains the envy of the tech industry -- and most other industries. But the slowdown of its growth has become a concern for some investors. Apple is counting on new products to improve its bottom line, especially during the coming holiday season, the most lucrative time of year for hardware makers. In September, the company released two new iPhones, and last week, it introduced new Mac laptops and two new iPads, the company's popular tablets.

On the earnings call, Timothy D. Cook, Apple's chief executive, said: ''It's going to be an iPad Christmas.''

And there is little doubt that iPads will sell in huge quantities in the next quarter. But there is doubt about which iPads will sell best -- the new iPad Air, which is the larger and more expensive model, or the iPad Mini.

The Mini has become a popular choice among consumers since it was first released last year. But the device has a smaller profit margin than its more expensive cousins, and its high sales may be part of the reason behind a 13 percent decline in overall iPad revenue.

That decline in revenue, combined with flat sales, is particularly troubling at a time when the tablet market is still young and growing quickly. Apple sold 14.1 million iPads over the quarter, up barely from 14 million in the quarter a year ago. That is far from the pace of the market: manufacturers are expected to ship 184.4 million tablets in 2013, up from 120 million last year, according to Gartner.

''In a strongly growing market, clearly that's a problem,'' said Mr. Kuittinen. He added that Apple had clearly sacrificed market share to competitors of cheaper tablets like Amazon and Google in order to protect its profit margins.

''Investors have bad memories from companies who decided they're going to give up market share in the consumer electronics space,'' he said, referring to Apple's decision, nearly a generation ago, to focus on profits with its Macintosh computers. The company came roaring back in the last decade after almost disappearing.

In the last quarter, Mac sales were slightly down. The company said it sold 4.6 million Macs, compared with 4.9 million in the same quarter last year.

IPhones sales were a different matter, as the devices flew off the shelves. The company said it sold 33.8 million iPhones, up from 26.9 million iPhones in the same quarter last year. Wall Street analysts had expected that Apple would sell 29 million to 38 million new iPhones.

This year, for the first time, Apple released two new iPhone models at once -- the lower-cost, plastic iPhone 5C, and the high-end iPhone 5S. In the past, it has released just one at time. The company also for the first time released new iPhones at the same time in many places around the world.

But because the two phones were released toward the end of last quarter, it is too early to tell whether the second new iPhone will translate into significantly higher sales. The uptick in iPhone sales over the last quarter most likely came from early adopters quickly snatching up the iPhone 5S.

On the sidelines of Apple's recent product releases, some investors have clamored for Apple to unload some of its growing cash pile back to shareholders. Carl C. Icahn, the activist investor, has pushed Apple to begin a buyback of $150 billion in stock.

On the earnings call, Mr. Cook gave no indication that Apple would heed Mr. Icahn's suggestion. In the last five quarters, it has returned $36 billion to shareholders in dividends, he said.

Mr. Cook also that Apple had made 15 acquisitions, which he said illustrated that the company was investing its cash in areas that could help its growth. He also suggested that the company was working on new product categories. The new products might include a long-rumored smartwatch or Apple television.

The company beat the expectations of Wall Street analysts. They had expected earnings of $7.93 a share and revenue of $36.84 billion, according to a survey of analysts by Thomson Reuters.

Shares in the company were essentially flat in after-hours trading.

While hardware takes the front seat of Apple's business, the company also made big moves with software recently. Last week, it said it would offer its Mac operating system free along with a suite of productivity apps for Macs, iPads and iPhones.

The free software offerings could be a long-term play for Apple to assault Microsoft, said Laurence Isaac Balter, chief market strategist at Oracle Investment Research, which has clients that own Apple shares.

''The free access to the software platform drives a stake in the heart of Microsoft,'' Mr. Balter said. ''It's now a game of premium platform with free software, which puts Microsoft at a huge disadvantage.''

Apple employees greet customers in California. Apple sold 33.8 million iPhones in the quarter. (PHOTOGRAPH BY ROBYN BECK/AGENCE FRANCE-PRESSE -- GETTY IMAGES) (B2)

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The New York Times

NEWS ANALYSIS
Style Desk; SECTE
**Marc Jacobs Packing His Louis Vuitton Bags**

By ERIC WILSON; Suzy Menkes and Peter Lattman contributed reporting.
1,418 words
3 October 2013
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1
English


PARIS -- Marc Jacobs, one of the greatest American talents to conquer the perilous stage of French fashion with a 16-year career as the designer of Louis Vuitton, during which he produced megahit accessories and elaborate runway spectacles, is leaving the company to focus on his signature business in New York.

Bernard Arnault, the chairman of the luxury conglomerate LVMH, said on Wednesday that the company has come to an agreement with Mr. Jacobs and that it plans to take the Marc Jacobs company public, possibly within the next three years. The Marc Jacobs business has been majority owned by LVMH for the last decade, and a public offering was described as a strategy to separate the Jacobs business from LVMH without requiring the designer to raise equity or take on other partners.

''When we started together, Marc Jacobs was a tiny little business of around $20 million,'' Mr. Arnault said. ''Now the totality of sales is approaching $1 billion. It has been an enormous growth.''

Mr. Arnault and other members of the Arnault family, including his daughter, Delphine, an executive vice president of Louis Vuitton, attended the company's runway show on Wednesday morning, when reports that Mr. Jacobs, 50, would leave the company were first confirmed.

And it was clear to guests the moment they walked into the show, held in the Cour Carrée of the Louvre, that it was intended as a statement that it was Mr. Jacobs's last. Inside a large tent built especially for the show was a stage that included several elements from his elaborate shows of seasons past: a functional carousel on one side, a bubbling fountain on the other, as well as escalators, two antique elevators and a large railway station clock, a memory from a show in March 2012 during which a full-scale model train pulled onto the runway, and the floor of a hotel from last year's show in March.

All of it was painted black.

''It's like a funeral,'' said Edward Enninful, the fashion and style director of W magazine, as he entered the show.

The show was also an exquisite romp through the history of Mr. Jacobs at Vuitton, described by the designer as a tribute ''to the showgirl in all of us,'' with a combination of elaborate feather headdresses and black evening gowns with sheer insets and American sportswear looks, including loose jeans, football uniform pants and a varsity jacket that said ''Paris'' on the back. It began with a model who wore a transparent bodysuit with the name of the label written all over in a repeating black graffiti-style logo that was originally created by Stephen Sprouse for a Vuitton handbag design in 2000.

Those intentionally defaced handbags were both a metaphor for Mr. Jacobs's irreverent approach to stuffy French fashion, and also among the most successful in the history of the company. Although a risky move, they re-established the label as a luxury powerhouse and spawned an international craze for Vuitton bags.

At the end of the show on Wednesday, Anna Wintour, the editor of Vogue, led a standing ovation, an exceedingly rare event at fashion shows, and she was soon joined by the entire American press, as well as the Arnault family.

Backstage, Mr. Jacobs was ebullient, but he would not comment on his exit, beyond saying: ''Farewell? I never say farewell.''

His departure had been expected for several months, though it was not clear until Wednesday that he was definitively leaving.

While Vuitton executives had been preparing for just that event, and are said to be courting the former Balenciaga designer Nicolas Ghesquière as a successor, they had simultaneously continued discussions with Mr. Jacobs until as recently as September. Last week, Reuters reported the fate of the contract negotiations, which began in January, was in doubt and noted the significance for a label that accounts for annual sales of nearly 7 billion euros (about $9.3 billion) and more than half of LVMH's operating profits. Louis Vuitton's growth, after years of annual gains of 10 percent or more, has slowed to 5 to 6 percent this year, while LVMH has not kept track with the broader European luxury sector, the Reuters report noted.

Also last week, Vuitton announced that it had hired Darren Spaziani, most recently the director of accessories at Proenza Schouler in New York, to develop a higher-end collection of accessories. Mr. Spaziani had also worked previously with Mr. Jacobs at Louis Vuitton and with Mr. Ghesquière at Balenciaga, prompting further speculation that a bigger change in creative direction was in the works. Editors and retailers reacted positively to the news after the show.

''Marc is absolutely significant to fashion,'' said Ken Downing, the fashion director of Neiman Marcus. ''But as we have seen at many other houses, designers have taken a hiatus or been replaced by other talents.''

''Fashion is an industry of change,'' he added.

Mr. Jacobs, after a famously ill-fated early career at Perry Ellis, started his signature company 20 years ago and joined Vuitton in 1997 at the beginning of a period of rapid growth in the luxury sector. The period also marked the beginning of an intense competition between the two major luxury conglomerates, LVMH and Kering (formerly known as PPR, and before that Gucci Group), as they acquired virtually every historic fashion brand in Europe, as well as some in the United States.

Mr. Jacobs's tenure at Vuitton became one of the most successful revivals of a historic French house, and the longest-running, apart from Karl Lagerfeld at Chanel and Fendi, spawning what has become a standard business model to place contemporary designers at fashion labels. While Vuitton's ready-to-wear has become a substantial business, its accessories have been the most important money makers for LVMH, including collaborations with Mr. Sprouse and the artists Takashi Murakami and Richard Prince.

The departure of Mr. Jacobs, who is also seen as a potential successor to Mr. Lagerfeld at Chanel someday, also comes during a Paris season that has been filled with great fashion moments and even greater intrigue. Executives on both sides have said privately over the last week that there had been tension between the designer and LVMH, with each side leaking details of its frustrations in order to manipulate the possible outcomes. But they ultimately reached an agreement that was in their mutual interests, they said.

Both LVMH and Kering are once again making investments in young designer labels at a rapid pace, with J. W. Anderson and the shoe designer Nicholas Kirkwood joining LVMH, and Joseph Altuzarra and Christopher Kane now linked with Kering.

Meanwhile, Mr. Jacobs, with his longtime business partner, Robert Duffy, has increasingly sought to develop the Marc Jacobs label and its lower-priced collections. During similarly fraught contract negotiations a decade ago, the team won significant commitments from LVMH, the majority owner of the brand, to further develop its retail and design.

The news of Mr. Jacobs's plans come amid a flurry of I.P.O activity in the fashion industry. The apparel line Vince has filed for a stock offering, with plans to spin off from its holding company, the Kellwood European Luxury brand. Moncler also intends to float shares in an I.P.O. later this year, said a person briefed on its plans.

Wall Street bankers said that the success of Michael Kors's I.P.O. is driving much of the interest in high-fashion stock. Shares of Michael Kors have tripled since December 2011, making it one of the most successful offerings in recent years. Mr. Kors made hundreds of millions of dollars taking his company public, and his private equity backers have made billions.

The potential of a Marc Jacobs public offering has been described as an opportunity for Mr. Jacobs and Mr. Duffy to further invest in their brand. But for that to happen, it was seen by executives on both sides as necessary for Mr. Jacobs to return full time to his own company.

 

(PHOTOGRAPH BY VALERIO MEZZANOTTI FOR THE NEW YORK TIMES); The designer Marc Jacobs, above, who joined Louis Vuitton in 1997, acknowledges applause after his final show for the company, left, at the Louvre in Paris on Wednesday. (PHOTOGRAPHS BY PASCAL LE SEGRETAIN/GETTY IMAGES; BENOIT TESSIER/REUTERS) (E2)

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The New York Times

Business/Financial Desk; SECT
**Asia, Where Mobile Games Flowered, Extends Its Reach**

By ERIC PFANNER
993 words
22 October 2013
The New York Times
NYTF
The New York Times on the Web
English


TOKYO -- When SoftBank, the Japanese telecommunications provider, announced last week that it had agreed to buy a 51 percent stake in a Finnish mobile game company for $1.5 billion, many people in both industries reacted with disbelief.

Suddenly Supercell, a three-year-old game developer in Helsinki with only 100 or so employees and two successful games, was worth $3 billion. The investment in Supercell, the developer of Hay Day and Clash of Clans, reflects the growing global ambitions of Asian companies like SoftBank in mobile gaming, the fastest-growing part of the game business.

Japanese companies like Sony, Sega and Nintendo dominated the early days of the console era of video games. American companies like Electronic Arts were the driving force in the extension of console gaming to the PC. Now, even as Sony and its main console rival, Microsoft, prepare to sell their newest devices, the PlayStation 4 and the Xbox1, other companies in Japan and across Asia are positioning themselves to take a leading role in mobile games.

''Who has $1.5 billion to invest in a company like Supercell?'' said Bertrand Schmitt, chief executive of App Annie, a mobile analytics firm based in Beijing. ''There are not so many players in the West who could do this.''

Eight of the 10 biggest merger-and-acquisition transactions involving game companies this year have been initiated by buyers based in Asia, according to Digi-Capital, an investment bank that specializes in games. These include the Supercell deal, in which SoftBank was joined by a subsidiary, the Japanese game company GungHo. The list does not include the management buyout of Activision Blizzard, the world's biggest video game publisher, in which a Chinese Internet company, Tencent, took part.

The growth of mobile gaming is upending the longstanding business model of the business, which was based on the sale of games -- and the devices to play them. The new approach is to give away games away for smartphones and then to earn revenue from in-game purchases, advertising and other add-ons. While the so-called free-to-play model has spread to much of the rest of the world, it was mostly pioneered in Asia.

''If the U.S. and Europe are great conceptually, the leading Asian markets are masters of the science of making money from mobile,'' said Tim Merel, founder of Digi-Capital.

In September, two Asian countries, Japan and South Korea, together accounted for a whopping 62 percent of worldwide revenue from games on the Google Play mobile app store, according to App Annie. The United States represented 15 percent of sales.

Over all, Asia accounts for half of the revenue in the mobile game business, and this will grow to two-thirds in 2016, according to Digi-Capital.

Asia's leadership in free mobile games is explained by a variety of factors. In 2000, China banned the sale of consoles, because violent video games were considered a corrupting influence on youth. Though the government recently moved to ease restrictions, many Chinese players have gotten used to alternative kinds of games.

In Tokyo and other crowded Asian cities, mobile games make a convenient distraction during subway journeys. In Japan, rudimentary mobile games, offered by wireless operators like NTT DoCoMo, were already popular before smartphones and app stores arrived on the scene.

So, while it is hard to imagine a mobile network operator in the United States or Europe following SoftBank's move, analysts said the investment might have made sense for that company, which also recently bought the United States cellphone operator Sprint for $21.6 billion.

''There's no way a Deutsche Telekom or a Verizon could spend $1.5 billion for half of a small game company in Finland,'' said Serkan Toto, an independent technology analyst in Tokyo. ''Their shareholders would absolutely slaughter them.''

SoftBank shareholders did not. In fact, the stock price barely budged. But the dynamics of the mobile business are different in Japan.

Though many of the recent mergers and acquisitions initiated by Asian buyers involve Asia-based targets, SoftBank's purchase of a controlling stake in Supercell is not the first deal for a Western mobile game company. In 2010, DeNA of Japan acquired Ngmoco, based in San Francisco. In 2012, Tencent took a sizable minority stake in Epic Games, based in North Carolina.

''All of the Asian players are trying to crack the Western market,'' said Will Luton, author of the book ''Free 2 Play: Making Money From Games You Give Away'' (New Riders, 2013), and a consultant based in Bristol, England.

Not all of these deals worked out well. Last year, a Japanese social networking and gaming company, Gree, shut down OpenFeint, a mobile game platform, only a little more than a year after it had spent $104 million to buy it.

Mr. Luton and others say Supercell and SoftBank might be a better fit. Supercell and GungHo -- which was founded by Taizo Son, brother of the SoftBank founder, Masayoshi Son -- will be able use each other's games to market their own creations in places where they have not had a strong presence. GungHo's biggest hit, Puzzle & Dragons, for example, is hugely popular in Asia but not as widely played in Europe. The companies, which have cooperated on promotions in the past, will now be able to deepen their ties.

Even though the United States is a smaller mobile gaming market, adding Supercell could help SoftBank flesh out the appeal of Sprint, said Thomas Husson, an analyst at Forrester Research.

''The value of the acquisition goes beyond potential revenues in the mobile gaming sector,'' he said. ''I think the rationale for SoftBank is that powerful gaming content will fuel its overall mobile Internet and app strategy and enable them to globalize some of their initiatives in the light of the Sprint acquisition.''

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The New York Times

Business/Financial Desk; SECTB
**Ubisoft Delays a Game to Shape It Into a Hit, Taking a Financial Blow**

By MARK SCOTT
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English


LONDON -- A delay in any product can hurt a company's bottom line. But for a video game maker, the pain of delaying a potential blockbuster is even more acute.

That was evidenced on Wednesday when shares of the French video game maker Ubisoft fell more than 26 percent after the company announced it was postponing a major new game to improve its quality.

The game, Watch Dogs, has had early comparisons to the successful Grand Theft Auto franchise from one of Ubisoft's rivals, Take-Two Interactive. The game had been expected to be introduced by the end of the year, when next-generation consoles from Microsoft and Sony are due.

But because of delays in completing the game's immersive, interactive environment, Ubisoft, which makes the popular Assassin's Creed franchise, said late Tuesday that it would delay the introduction of Watch Dogs until June 2014.

The plunge in the company's shares underscored the importance in the global video game industry of keeping on schedule with games that, when they hit it big, attract millions of users worldwide and generate billions of dollars in sales. Those stakes were reinforced recently by the latest edition of the Grand Theft Auto franchise, which generated more than $1 billion in revenue during its first three days on sale.

''The success of Grand Theft Auto V has put a lot of pressure on Watch Dogs,'' said Mike Hickey, an analyst at the Benchmark Company in Denver. ''They want it to be their next big franchise.''

The need to strike it big has become increasingly crucial for the world's largest video game companies. Ubisoft, a rare French company that has succeeded in the technology field, ranks fourth in the industry, behind Activision Blizzard, Electronic Arts and Nintendo, based on its sales last year of about $1.8 billion, largely on the strength of its Assassin's Creed games.

The global industry is projected to generate a 5 percent increase in its combined revenue, to $66 billion, by the end of the year, according to the data provider DFC Intelligence.

''You only get one chance to make a first impression with gamers,'' said Edward Williams, an analyst at BMO Capital Markets in New York. ''The delays bring into question the original timeline put forward by Ubisoft, but they want to give it the best opportunity for sustained success.''

For Ubisoft, based in the outskirts of Paris, the postponement of its latest game will hurt. The company said that it now expected to post an annual loss of up to $95 million, compared with a previous profit forecast for up to $170 million.

Ubisoft also has delayed the release of another new game, the Crew, a car racing franchise, until September 2014. While an important addition to its stable of games, analysts said, the Crew was not expected to become as big a hit.

''The tough decisions we are taking today to fully realize the major potential of our new creations have an impact on our short-term performance,'' Ubisoft's chief executive, Yves Guillemot, said in a statement. ''The additional time given to the development of our titles will allow them to fulfill their huge ambitions.''

Founded in 1986, the company now employs more than 8,000 people worldwide, including around 2,500 at a production studio in Montreal.

While the company's stock price plummeted on Wednesday, analysts said that the market might have overreacted to the news. Delays ahead of official releases are not uncommon in the gaming industry.

Analysts added that Ubisoft's delay also would allow its new games to take advantage of the next-generation consoles that will be released by the end of the year.

Microsoft, Sony and Nintendo all have invested billions of dollars on their latest gaming machines, which improve computer hardware to give gamers a more realistic experience.

In the short term, Ubisoft will have to rely on its existing Assassin's Creed franchise, the latest version of which will be released at the end of the month. The game was created in 2007, and is expected to be turned into a Hollywood movie during 2015.

The success of that blockbuster has increased the pressure of Ubisoft to score similar successes with its new games. Analysts say the reaction to the company's latest delays illustrates the pressure that the company now faces in the increasingly competitive video game industry, even if it was a smart move for the company's long-term health.

''The company made the right decision,'' said Mr. Hickey of Benchmark. ''They could have put out a lower-quality game, but it's best to wait to get it right.''

Ubisoft said it would delay the release of Watch Dogs, above, until next summer. The company's chief, Yves Guillemot, defended the ''tough decisions.'' (PHOTOGRAPHS BY UBISOFT; UBISOFT KEVORK DJANSEZIAN/GETTY IMAGES)

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The New York Times

SPECIAL SECTION | TURNING THE PAGE
Style Desk; SECT

**The Trends | Gucci and Prada**

By SUZY MENKES
702 words
14 October 2013
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English


When Fashion Designers Moved Far Beyond Clothes

I meant it as a wry comment when I asked in a fashion report more than a decade ago: Are hotels the new handbags?

The article, in 2002, came at the end of the 1990s fashion era, when the main protagonists -- Gucci and Prada -- were brands founded on accessories. The first had parlayed casual loafers into a look of hyper-sexed femininity; the second was an aesthetic of deliberate ugliness.

The two very different labels had one thing in common: A model writhing in next to nothing or wearing a coat with a pinafore pattern was clutching, dangling or swinging a large purse. The bag had became the focus of the outfit and, not incidentally, the big moneymaker.

It had taken two decades for fashion houses to absorb the concept of a brand designing for a ''lifestyle,'' as dreamed up by Ralph Lauren in the 1980s when he created patrician elegance in housewares to suit the country-club clothes. By the time bone china with horsy emblems was offered by Hermès and Donna Karan's cashmere scarves had morphed into bed throws, the labels saw an opportunity to take branding one stage further. Why not put their names above the doors of upscale hotels?

This gave the brands a fresh way of expressing global personalities: an airy, pale, minimalist space for an Armani hotel in Dubai's towering skyscraper; the ritzy glitter of Palazzo Versace on Australia's Gold Coast.

My favorites were Rosita Missoni's zigzag patterns with a Scottish twist at the Hotel Missoni on Princes Street in Edinburgh and the Christian Lacroix every-room-is-different look at the Hôtel du Petit Moulin in the Marais district of Paris.

The idea of having consumers identify with a designer's vision through a hotel would have been inconceivable when the Paris Herald started its life in 1887. That was an era of rigid social mores, when the grand hotels, with their domes and terraces, aped the homes of the aristocracy -- a kind of Downton Abbey by the sea. That period also saw the birth of the logo, that graphic emblem designed for instant public recognition.

As the old order broke down and society became more fluid, especially after the two world wars, symbols of wealth and of belonging to an elite club were increasingly channeled through name tags. By the 1980s, even the snooty stores aimed at the ''carriage trade'' had understood that money, not class, ruled sales floors.

For 21st-century brands, promoting the clothes is the least of it. The runway show is an image maker and an opportunity to put celebrities in the front row, but the real push is for brand placement. Not that brand-building ignores the past. ''Heritage'' is a major buzzword today. Brands tout their ages and wallow in their 60th birthdays in a way unlikely to be mimicked by customers.

Branding hotels is different from offering lifestyle items, and they cannot be designed like dresses. They are more about service and experience than design folderol.

When I stayed in a designer hot spot, I realized that, elegant as it is to have beige silk curtains and wenge wood furniture, there were only three things I cared about: whether the Wi-Fi worked, the safe had enough space for my passport, wallet and jewelry, and the mirror was hung at the right height.

The fashion folk are likely to have a magical touch with the mirror, at least for its aesthetics. They are quite good at choosing the color for the drapes and the quality of the bed linen and towels. The soaps are fragrant and the body cream silken. (And you are so welcome to buy all those branded products as you check out or, in the case of Ferragamo's Florentine hotels, in a dedicated housewares store.)

Every time I cursed the lack of a sturdy table with enough space for my laptop, an office-style chair and sufficient light, I felt like calling the designers and saying: Great look! But don't give up the day job.

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**Bolstering a Phone's Defenses**

By NICOLE PERLROTH
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SAN FRANCISCO -- From Lookout's headquarters here, the view extends west from the Bay Bridge to the Golden Gate, but its employees -- mostly 20-something engineers in T-shirts and jeans -- seem too preoccupied with the world's nastiest new threats to take it in.

Lookout's employees are busy tracking the cybercriminals and aggressive advertisers that target the 45 million people around the globe who have downloaded the company's free mobile security app. That is Step 1 to a more lucrative goal: protecting the data of big, corporate customers that are allowing employees to use their own mobile devices on corporate networks.

The so-called bring your own device, or B.Y.O.D., trend can lead to trouble. Last year, for example, Jackson North Medical Center in North Miami Beach, Fla., banned personal smartphones after a volunteer used his phone's camera to take about 1,100 photos of patient records, including their Social Security numbers, and sold them.

Such episodes are not that unusual. Almost half of companies that allow personally owned devices to connect to the corporate network have experienced a data breach, either because of unwitting mistakes by employees or -- as was the case at the Florida hospital -- intentional wrongdoing, according to a 2012 survey of 400 technology professionals by researchers at Decisive Analytics.

''It's amazing that at power plants workers are required to wear hard hats and steel-toed shoes, but then you have engineers plugging their mobile devices right into the network,'' said Jerry Dixon, the former director of the cyber division at the Department of Homeland Security. ''What could possibly go wrong?''

With that risk in mind, Lookout is taking aim at companies and government agencies in much the same way attackers are: it is using its app to slip under the door of enterprises via the hundreds of millions of employees who regularly bring their personal devices to work.

Lookout is among a handful of tech companies trying to capitalize on the B.Y.O.D. phenomenon that people in charge of securing corporate networks say has become their biggest headache. In the past, they could mandate that employees use company-approved BlackBerry smartphones, which came with a tightly controlled network.

But with BlackBerry's future uncertain -- the company was clinging to 2.9 percent of the global smartphone market last quarter, according to the research firm IDC -- and consumers clamoring to use their iPhones, iPads and Android-powered devices at work, tech managers have had to consider alternatives and deal with the potential security threats that come with those alternatives.

Twice as many corporate employees use their own iPhones, iPads and Android devices at work than use corporate-approved devices, according to Osterman Research. Even the Internal Revenue Service, one of the slower technology adopters, recently introduced wireless access and is considering letting employees B.Y.O.D.

''The B.Y.O.D. train has left the station, not just for employees but for business partners and vendors who all have access to sensitive data from their devices,'' said Craig Shumard, the former chief information security officer at Cigna Corporation, the large health insurer. ''BlackBerry was the de facto standard, but now my peers are getting pressured to open it up and allow employees to do their business on any device.''

Most B.Y.O.D. antidotes are geared toward mobile data management. Companies like Good Technology, MobileIron, AirWatch and Citrix's XenMobile help managers segregate corporate data from personal data on employees' phones and offer features that help them remotely wipe proprietary information from a device if it gets lost or stolen. Symantec and Intel's McAfee, the behemoths of the computer security business, have developed similar capabilities by acquiring mobile-focused start-ups.

Lookout approached the problem from a different direction, said Nushin Vaiani, a security analyst at Canalys, a market research company. It used a consumer app to increase the number of devices it can monitor and to gain better brand visibility.

The Lookout app -- which backs up data, tells users if other apps are siphoning their information, locates lost or stolen phones and even e-mails users a snapshot of the thief if he fails to guess their passcode -- has grown in use by a factor of 200 over the last three years. Today, those tens of millions of devices act as global sensors, feeding all sorts of hairy threats back to Lookout's Mobile Threat Network, a vast data set on a cloud of servers that tracks and analyzes malicious activity and helps researchers anticipate criminals' next moves.

Nearly half of employees at companies in the Fortune 1000 run Lookout, which made its next move almost inevitable. Last month, the company announced Lookout for Business, which is meant to help businesses manage and secure employees' mobile devices, whether or not they are company-issued. The app will block malware, spyware and adware on those devices and give corporations, and its own customers, a clearer window into a new breed of mobile threats.

''Now they've reached the point where they have enough substantial users, that they can then think about how to expand their solution into the business environment,'' Ms. Vaiani said.

The potential has investors salivating. In addition to the $76 million that Lookout has already raised, the company received $55 million this month from Deutsche Telekom, Qualcomm Ventures, Greylock Partners and Peter Thiel's venture firm Mithril Capital Management. The investment round valued Lookout at roughly $1 billion.

Lookout's founders, John Hering, 30, Kevin Mahaffey, 28, and James Burgess, 30, say that in the future, they plan to move beyond mobile phones and tablets to cars, thermostats and any and all of the billions of so-called smart devices now coming online.

There is little doubt that data security managers are struggling to keep tabs on sensitive information as employees start importing data to their personal devices, inevitably lose them and download mobile apps that have access to corporate assets. Experts and threat researchers warn that these applications have little or no safeguards. Gartner, a research company, predicts that by 2015, 75 percent of mobile applications will fail basic security tests.

Already, Scott Borg, the director and chief economist at the nonprofit group United States Cyber Consequences Unit, said businesses and government agencies were finding that employees' mobile devices had become a crucial way for attackers to reach a network.

''An enormous amount of applications out there have been Trojanized,'' Mr. Borg said, referring to apps that criminals have tampered with. ''They have become one of the main steppingstones for getting into the enterprise.''

A Lookout threat report this year said a tiny but growing portion of its Android user base in the United States -- half a percentage point -- had unwittingly downloaded mobile Trojans. And 1.6 percent have downloaded adware that pilfers their personal data without their knowledge.

Mr. Borg said companies and agencies were discovering that the information collected from mobile Trojans was the first step in ''spearphishing'' campaigns, in which criminals use that data to tailor e-mails to employees with malicious links or attachments that, once clicked, give attackers a foothold into companies' systems.

That threat, Joseph Ansanelli, a partner at Greylock, said, particularly on Android, has prevented tech managers from deploying Android devices in their companies. But Lookout has teamed up with three of the four major carriers that offer Android in the United States, Sprint, T-Mobile and Verizon. It has also set up strategic partnerships with Deutsche Telekom in Germany and Orange in France and now comes preloaded on T-Mobile and Sprint devices.

''In the P.C. era, the world only became less secure,'' Mr. Hering of Lookout said. ''The goal is to make it more secure as it gets more connected.''

 

The Lookout app e-mails users a photograph of someone who tries to unlock the device.; Jonathan Stull of Lookout. (B1); Kevin Mahaffey, left, and John Hering, of Lookout, say they eventually plan to expand to any kind of so-called smart devices. (PHOTOGRAPHS BY PETER DASILVA FOR THE NEW YORK TIMES) (B3)

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB

**2 Founders of BlackBerry Weighing a Takeover Offer**

By IAN AUSTEN and MICHAEL J. DE LA MERCED; Ian Austen reported from Ottawa and Michael J. de la Merced from New York.
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OTTAWA -- The two men who founded the company that became BlackBerry may now try to save it.

In a regulatory filing on Thursday, Mike Lazaridis and Douglas Fregin said that they were considering a bid for the 92 percent of the company that they do not own. They also said they had hired Goldman Sachs and Centerview Partners as advisers.

Their potential bid joins a growing list of expressions of interest in the company, which recently reported a $1 billion quarterly loss caused by the market's rejection of new smartphones that were supposed to revive BlackBerry's prominence.

Fairfax Financial Holdings of Toronto has made a conditional, nonbinding offer to buy the 90 percent of BlackBerry shares it does not own for $9 each. That would value the company at about $4.7 billion.

Many investors are skeptical about Fairfax's ability to finance that proposal by bringing in other investors and borrowing billions of dollars. Similar questions would apply to any rival offer from Mr. Lazaridis and Mr. Fregin, who are not working with Fairfax at the moment, according to a person briefed on the matter.

Cerberus Capital Management, a private equity firm known for its investments in distressed companies, has been pursuing a nondisclosure agreement with BlackBerry that would give it access to confidential data, a person briefed on those discussions has said. In addition, several media reports have indicated that BlackBerry has been sounding out other technology companies about their interest in buying at least part of its business or assets. It is not clear whether any of them will bid.

A spokesman for Mr. Lazaridis declined to comment. Adam Emery , a spokesman for BlackBerry, declined to specifically comment on Thursday's filing but said that the company ''is conducting a robust and thorough review of strategic alternatives.''

Mr. Lazaridis has already been casting about for potential partners, having approached the likes of the Blackstone Group and the Carlyle Group, people briefed on the matter have said. Talks with Blackstone have cooled off, while talks with Carlyle have not advanced beyond a preliminary stage, according to those people.

Shares of BlackBerry closed up just over 1 percent on Nasdaq, but at $8.20 a share, it remained below Fairfax's tentative $9-a-share offer.

Mr. Fregin and Mr. Lazaridis have been friends since attending elementary school in Windsor, Ontario. Mr. Fregin abandoned his engineering studies at the University of Windsor to join Mr. Lazaridis in Waterloo, Ontario, where he was studying, to start Research in Motion in 1984. The company changed its name to BlackBerry this year.

It was Mr. Lazaridis, however, who would become the public face of the company after its successful move into the smartphone business, along with Jim Balsillie, with whom he shared the title of chief executive and chairman until January 2012. Mr. Fregin worked quietly as the company's vice president for operations until 2007.

After Mr. Lazaridis stepped down from control at BlackBerry, the two men formed Quantum Valley Investments to invest in quantum-computing technologies.

There has been considerable speculation that Mr. Lazaridis would become involved in some kind of a bid. It includes the possibility that he would take over the company's handset business, which many analysts now say is virtually worthless, while other investors would acquire BlackBerry's software and services businesses. The viability of the phone business aside, such a separation might prove difficult.

In recent days, BlackBerry has been acting like a company preparing itself for sale, including settling some outstanding patent litigation. As part of a broad downsizing, BlackBerry said on Thursday that it would close an office in Halifax, Nova Scotia, with the potential loss of 350 jobs, mostly in technical support. The company would be required to repay about $2 million in government job grants.

This is a more complete version of the story than the one that appeared in print.

Douglas Fregin, left, and Mike Lazaridis, with his wife, Ophelia. Mr. Fregin and Mr. Lazaridis started the company in 1984. (PHOTOGRAPH BY PETER LEE/WATERLOO REGION RECORD)

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The New York Times

GADGETWISE
Personal Tech; SECTB
**A Little Red Monster In Need of a Hug**

By GREGORY SCHMIDT
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When Tickle Me Elmo was released in 1996, demand for the toy created such hysteria that its name became insider shorthand for a hot holiday seller. Every year, analysts guess which toy will be ''the next Elmo.'' Hasbro is hoping that this year, that toy will again be Elmo.

Hasbro has been making Sesame Street-licensed toys like Elmo through its Playskool unit since 2011. And this year, Hasbro went big, releasing Big Hugs Elmo, its first life-size Elmo doll.

But Hasbro also returned to the innocence that made Tickle Me Elmo special. (A version of Elmo introduced a couple of years ago banged on bongos in a rock 'n' roll band). True to his name, Big Hugs Elmo hugs when you hold him close.

The new Elmo also loves to pretend. Press his left foot, and he invites you to join him in an imagination activity, like pretending to be an astronaut, a frog, a horse or a rabbit. Cradle him when he's tired, and he will sing a lullaby and go to sleep. The toy is $60 and available on Hasbro's e-commerce site and at retailers nationwide.

Big Hugs Elmo is intended for children age 18 months to 4 years, but does the furry little monster still have the allure among preschoolers that it did 17 years ago? Fortunately, a colleague invited me to her daughter's birthday party, so I had a chance to find out.

When I arrived, I found her apartment filled with children ages 1 to 4, the perfect range. After Elmo was removed from the box (and powered by four AA batteries, not included), the children immediately perked up when they heard him talking. Parents held Elmo and introduced him to their child: some were fascinated by his animatronic mouth, some were delighted by his interaction with them, but some just wanted a hug.

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The New York Times

Business/Financial Desk; SECTB
**S.E.C. Investigates Accounting At Outsourcing Division at Xerox**

By REUTERS
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2
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Xerox said the Securities and Exchange Commission was investigating some accounting practices at Affiliated Computer Services, a technology outsourcing firm it bought in 2010 for $5.5 billion.

The investigation is focused on whether revenue from some ACS equipment resale deals should have been presented on a net basis rather than a gross basis, primarily before the acquisition, Xerox said in a regulatory filing.

Xerox moved into business services with its purchase of ACS, the biggest deal in the company's 106-year history. The company now obtains more than half its revenue from services.

The transactions being investigated were not material to Xerox's post-acquisition consolidated financial statements, the company said.

Xerox said Lynn R. Blodgett, ACS's former chief executive and the current president of Xerox's services division, had received a so-called Wells notice from the S.E.C.

The S.E.C. sends a Wells notice to a company or individual when it plans to recommend bringing charges. Recipients of Wells notices are given a chance to explain why the commission should not file a lawsuit.

''Lynn is a key member of the executive management team, and it is the company's expectation that he will continue to direct and lead our services business,'' a Xerox spokesman said.

Xerox said two other people, a current employee and a former employee, had also received Wells notices.

The S.E.C. will not recommend charges against Xerox, the company said.

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The New York Times

ADVERTISING
Business/Financial Desk; SECTB
**At Ad Conference, Ron Burgundy and 'Infobesity'**

By STUART ELLIOTT
951 words
8 October 2013
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Late Edition - Final
4
English


PHOENIX -- HERE is a look at some highlights, sidelights and lowlights from the 2013 annual conference of the Association of National Advertisers, which took place here from Thursday through Sunday.

BE KIND, REWIND? Those who stayed for the final general session of the conference heard a presentation by Brian J. King, global brand officer at Marriott International, on how his company uses ethnographic research and ideas from consumers to shape its marketing. For those in attendance who also heard a presentation he gave 13 days earlier -- during Advertising Week in New York, at a session on Sept. 23 of the MIXX Conference and Expo, sponsored by the Interactive Advertising Bureau -- it was déjà vu all over again: The two speeches were nearly identical.

SOUNDS FISHY Another speaker who appeared during the final general session of the conference, which was far more sparsely attended than the first two, made light of his plight. ''Thank you for this highly coveted 8:30 a.m. Sunday time slot,'' said Rodney Williams, senior vice president for the Hennessy USA division of LVMH Moët Hennessy Louis Vuitton.

Mr. Williams joked that his spot on the schedule was a result of buying a sushi lunch for Robert D. Liodice, president and chief executive at the Association of National Advertisers, who is not a sushi eater. ''Bob, with this time slot, we're now even,'' Mr. Williams said.

Mr. Williams's presentation, about Hennessy Cognac advertising, included a tidbit of news: the rapper Nas is being added to the lineup of Hennessy celebrity endorsers and would be featured in new ads that are to begin this month as part of Year 2 of the brand's campaign, which carries the theme ''Never stop. Never settle.''

COMING ATTRACTIONS Mr. Williams was among several presenters who provided previews of coming ads or campaigns. Those sneak peeks were welcome amid what seemed a surfeit of speeches that reiterated marketing truisms.

Other presenters included Beth Comstock, senior vice president and chief marketing officer at General Electric, who showed a new commercial from the G.E. ''Brilliant machines'' campaign that will feature John Cho in his role as Sulu from the ''Star Trek'' movies; John Costello, president for global marketing and innovation at the Dunkin' Brands Group, who showed rough cuts of two commercials from a campaign, to begin on Monday, featuring Twitter fans of Dunkin' Donuts; and Olivier François, chief marketing officer at the Chrysler Group, who showed three videos featuring Will Ferrell reprising his ''Anchorman'' character Ron Burgundy to promote the 2014 Dodge Durango and the Dec. 20 release of ''Anchorman 2: The Legend Continues.''

Mr. François made his presentation on Friday; commercial versions of the videos ran on television on Saturday and Sunday. Plans call for 70 videos in all, he said, with those not running on TV to be shown on the Dodge brand's YouTube channel and on the Funny or Die Web site.

MINGLE WITH THE THRONG The record attendance for the conference, estimated at nearly 2,200 people, led to some new measures. Organizers required those attending sessions to wear two forms of identification: a name badge and a green wristband. The goal was to cut down on gate-crashing and the passing of badges from registered attendees to others.

The head counts have climbed significantly since the association tried to encourage attendance for its 2010 meeting, which celebrated its 100th anniversary. About 1,600 people attended then, compared with about 1,200 in 2009. Since then, the numbers have kept rising; the 2013 conference was sold out months ago.

Whether attendance will continue to grow is a subject of lively discussion among the association's board members. Some welcome the crowds as a sign of success, while others believe the conferences may have become too crowded.

SING FOR YOUR SUPPER Each year, media companies hoping to endear themselves to potential clients furnish entertainers for the three dinners during the conference. This time, the performers had a distinctly younger appeal.

Live Nation Entertainment provided Jewel, who performed for almost an hour. Clear Channel Media and Entertainment supplied Jason Mraz, whose lengthy set was composed of eight songs. And the Meredith Corporation presented the singer and actress Laura Benanti for the company's 10th annual fund-raising Evening of Inspiration.

IT'S A GOOD (FREE) THING As if to prove the saying that the richer you are, the more you like freebies, a particularly popular part of the conference was a booth from the exhibitor Martha Stewart Living Omnimedia, which featured a Stewart-ized version of a carnival claw machine named Good Things.

The machine offered as prizes Stewart merchandise, valued at $1 to $25, like aprons, kitchen gadgets and pet toys.

Other giveaways included tumblers from Tumblr and Google glass -- not Google Glass, but glass water bottles bearing the Google logo. (At least one conference attendee sported the real Google Glass.)

PARADIGMS AND PARAMETERS As is typically the case at the conference, many speakers liberally peppered their presentations with marketing jargon.

Some examples this time included ''ladders,'' as a verb; ''lean in,'' in a possible hat-tip to Sheryl Sandberg of Facebook; and ''customer touchpoint.''

Not all the jargon was stuffy or off-putting. The audience laughed when Marc de Swaan Arons, chairman at Effective Brands, described data overload as ''infobesity'' and illustrated it with a version of the Twitter bird logo that was too fat to fly.

Jewel performed last week at the 2013 annual conference of the Association of National Advertisers, where Oliver François, right, chief marketing officer at Chrysler, gave a presentation. (PHOTOGRAPHS BY KEVIN KEELAN/CLARION PICTURES)

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
**More Setbacks in Deal for U.S. Tire Maker**

By DAVID GELLES
1,003 words
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The New York Times
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Late Edition - Final
7
English


Updated, 12:47 a.m. | When Apollo Tyres of India announced a $2.5 billion plan to buy Cooper Tire and Rubber in June, deal watchers believed the subcontinent's economic tiger was finally beginning to roar.

But since the deal's announcement, it has hit obstacle after obstacle. Labor unions in China and the United States have risen up to oppose the takeover. Cooper's Chinese joint venture has gone on strike. Apollo has delayed closing the deal because of the problems and says it needs to renegotiate.

Over the weekend, tensions came to a boil. Cooper, based in Findlay, Ohio, on Friday filed a complaint against Apollo in a Delaware court, seeking to force its Indian suitor to close the deal. Apollo hit back, saying Cooper had agreed to lower its sale price and that it couldn't close given the deal's problems.

With buyer and seller now locked in a bitter dispute, it is possible that what would have been India's largest acquisition of a United States company may now never get done.

''I've been doing deals for a long time and never seen anything like this,'' said one person involved in the deal, who declined to be named because he was not authorized to speak to the press.

When it was announced, the deal, with a big financing package and aspirations to create the world's seventh-largest tire company, had all the hallmarks of an aggressive move signaling that Indian companies were on the prowl for overseas targets.

''Indian firms want to go global,'' said Jaideep Prabhu, a professor at the Judge Business School at the University of Cambridge. ''It's a way for them to get access to foreign markets and hedge against operating just within India.''

But problems emerged immediately. Apollo's share price plummeted on the news. Investors believed it was overpaying for Cooper, and that the smaller Indian company, which hoped to finance the entire deal with new debt, was taking on too much leverage.

''This was a minnow swallowing a whale,'' said Bret D. Jordan, an analyst with BB&T Capital Markets who covers Cooper.

Within days, other hurdles appeared. Employees at Cooper Chengshan Tire, the company's Chinese joint venture, went on strike to protest the deal.

The joint venture partner argues the deal does not protect Chinese employees, and would saddle the company with too much debt. In a paid advertisement Chengshan ran in The Wall Street Journal, it asked, ''Who can guarantee the success of integration between Chinese culture and Indian culture?''

Chengshan's opposition to the deal may have less to do with Indian ownership than it does with price, however. Chengshan's Chinese partner once owned 49 percent of the joint venture, but in 2010 sold Cooper an additional 14 percent for about $18 million. Given how important the Chinese operations now are to Apollo, that stake is worth significantly more.

''Whether the Chengshan chairman is really that concerned in his employees' fortunes isn't clear,'' Mr. Jordan said. ''It appears he is going to hold this up until they make it worth it to him.''

The Chinese plant hasn't produced Cooper branded tires in months, depriving the company of a significant revenue stream and preventing the company from providing Apollo with current financial information.

Hopes that the deal might close suffered another blow last month. The United Steelworkers union filed grievances with Cooper, contending that it was contractually permitted to approve any change of company ownership.

Apollo has said that it will negotiate a new collective bargaining agreement with the steelworkers, which could win their approval, but that this will mean paying a lower price for Cooper.

For its part, Cooper says Apollo was aware of the steelworkers' contract, and that no price adjustment is warranted.

Despite the problems with Chengshan and the steelworkers, Cooper remains eager to close the deal. At $35 a share, the agreed offer from Apollo represents a high premium to Cooper's share price before the deal was announced. Trying to rush to the finish line, Cooper shareholders approved the deal late last month.

Yet even as it pressures Apollo to close the deal, Cooper is acknowledging its suitor may have lost interest. ''Almost immediately after the merger agreement was announced, Apollo showed signs of buyer's remorse,'' Cooper said in its Delaware complaint.

Apollo says it still wants the deal. ''Contrary to Cooper's complaint, we have been working diligently to address significant post-announcement impediments,'' Apollo said over the weekend.

In a sign of its continued efforts, Apollo executives have made three trips to Pittsburgh and Nashville in recent weeks to negotiate with the steelworkers.

But there is growing skepticism that any deal will get done. ''Initially this deal was going to close and everyone was going to love each other,'' Mr. Jordan, the analyst, said. ''But Apollo clearly recognized this might not be a good deal for them.''

If Apollo is unable to secure financing and complete the deal by year end, it will owe Cooper a $112 million break-up fee. If the deal is not closed by the new year, however, the merger agreement expires, and Apollo can simply walk away. But Cooper claims Apollo has breached the terms of the merger agreement, opening the door for it to sue Apollo for damages.

How it plays out will depend on Apollo's ability to negotiate with steelworkers, a Delaware court's view on the situation, and the next moves of an unpredictable Chinese joint venture.

On Monday Cooper shareholders voted with their dollars, sending shares down 13 percent to $25.72, a signal of the market's disbelief that a deal is imminent.

''I don't recall having seen anything quite as messy as this one,'' Mr. Jordan said.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

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**To Lift Hong Kong Park, Disney Deploys Iron Man**

By BROOKS BARNES and KEITH BRADSHER
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HONG KONG -- Iron Man has proved his might at the Chinese box office. Now Disney is betting that the Marvel superhero has enough muscle to complete a turnaround at its underperforming theme park here -- a task of crucial importance as the company hurtles toward the opening of a mega-resort in Shanghai.

An Iron Man-themed thrill ride, photo pavilion and shopping area will open at Hong Kong Disneyland in late 2016, said Thomas O. Staggs, Disney's theme park chairman. The Iron Man Experience, which analysts say will cost at least $100 million, will be Disney's first ride based on Marvel. Disney bought the comic book company for about $4 billion in 2009.

At its core, the expansion is about shoring up a resort that Disney is counting on to act as an engine in Southeast China for its broader portfolio of merchandise and movies. Hong Kong Disneyland, criticized for its small size and locked in heated competition with nearby Ocean Park, has lost hundreds of millions of dollars since opening in 2005 because of smaller-than-expected attendance.

Hong Kong Disneyland reported its first profit -- a slim $14 million -- for its last fiscal year, a signal that turnaround efforts, including a torrent of new rides and retooled marketing campaigns, are working. But the park remains a work in progress, and Disney needs to prove, to itself and others, that it can find the right success formula for Hong Kong Disneyland as a prelude to the much bigger undertaking in Shanghai.

An exclusive Iron Man offering could greatly increase Hong Kong Disneyland's momentum. ''Iron Man 3'' took in $121.2 million in China this year. The related ''Avengers'' movie took in $84.1 million.

''It's important for us to have a story for our Hong Kong guests, a little bit of bragging rights that they have something that nobody else has,'' said Bill Ernest, the president of Disney's theme parks in Asia.

The decision to deploy one of its mightiest assets at Hong Kong Disneyland reflects the delicate balancing act that Disney faces as it prepares to open the Shanghai resort in 2015. To achieve its growth goals in China, Disney needs both beachheads to thrive. Disney must also fend off competition in the booming Chinese theme park market, including an $8.2 billion movie-themed resort and real estate development announced late last month for the seaside city of Qingdao.

Disney insists that its two Chinese parks will draw from different population bases, much like its resorts in Florida and California do. ''We are confident that Hong Kong Disneyland and Shanghai Disneyland will complement and reinforce each other,'' Mr. Staggs said in an e-mail.

Some economists here agree. But Disney at the very least faces a very local challenge: Hong Kong leaders, already feeling a bit insecure about the ascension of Shanghai as a financial capital, do not want their Disneyland to be viewed as less than successful and are counting on it to help fuel tourism growth to the city. The Hong Kong government owns 52.44 percent of Hong Kong Disneyland, with Disney controlling the balance.

Disney has 11 major parks worldwide that recorded 126.5 million visitors last year and delivered profit of $1.9 billion.

Disney gave few details about the planned Iron Man ride, saying only that it will allow guests to take flight with the superhero as he fights alien invaders across the streets and skyline of Hong Kong -- a tease that will surely make

Marvel's rabid fan base salivate. Even without specifics, the announcement will also help to end what has long been Hong Kong Disneyland's biggest question: Is it big enough?

After building a theme park complex outside Paris in the early 1990s that was much bigger than demand ultimately warranted (and is still causing the company headaches), Disney pursued the opposite strategy with Hong Kong, where plans called for growth in phases. ''We wanted to get our bearings when it came to our Asian consumers,'' Mr. Ernest said, noting that Chinese children have not traditionally grown up with Mickey Mouse and his cartoon friends.

But the park's small size annoyed many local guests, who wanted more rides to go with the extravagant landscaping.

Opening-year attendance missed projections, and the number of visitors dropped by more than 20 percent the following year, to about four million people. (To compare, the older Disneyland Paris now attracts 11.2 million visitors annually.) The Hong Kong park did not offer enough attractions to draw the expected interest from China's adjacent Guangdong province in particular, economists say. About 106 million people live in Guangdong.

In terms of attendance, ''we could easily triple it or quadruple it,'' said Nicholas Kwan, the research director at the Hong Kong Trade Development Council, an advisory group originally created by the government that now works closely with local chambers of commerce.

When Disney has a will, it generally finds a way. Since 2011, the company has spent about $465 million on an aggressive expansion of Hong Kong Disneyland. New areas include Grizzly Gulch, a gold rush town that features a roller coaster that runs backward; Mystic Point, where a twist on the famed Haunted Mansion now operates; and Toy Story Land, a lavishly themed collection of rides and shops.

''We think we are successful, and a lot of that success is balanced around new product,'' including parades and seasonal events, Mr. Ernest said, stopping short of trumpeting a formal turnaround. He declined to discuss continuing talks with the government to build new hotels at the resort -- it currently has two -- and add a Downtown Disney shopping district.

The new areas that are already open, which have increased the park's size by about 25 percent, contributed to an 14 percent increase in attendance last year, to about 6.7 million, according to the Themed Entertainment Association. Disney says that 45 percent of Hong Kong Disneyland's customers now come from mainland China, compared with 34 percent in 2006. The company, feeling confident about increased demand, raised ticket prices by 12.8 percent in March; general admission now costs about $58.

''The new attractions are much more fun than the old ones,'' said Kevin Lau, a Hong Kong hotel manager. ''Before we always found it small.''

Still, Mr. Lau said that the less expensive Ocean Park, which was visited by 7.4 million people last year, retains his loyalty, in part because of his own childhood memories there. Despite its progress, Hong Kong Disneyland still has areas that need improvement, he said.

''The food in the park could be more attractive with better quality,'' Mr. Lau said. ''We always give up eating inside the park and go back to town for dinner.''

Disney is proud of its food offerings, which now includes halal-certified cuisine for Muslim visitors. But new food could presumably accompany Iron Man's arrival at the park. As any Marvel fan knows, he is a huge aficionado of the American cheeseburger.

The Mystic Point ride is a twist on the famed Haunted Mansion and now operates at Hong Kong Disneyland. (PHOTOGRAPH BY LAM YIK FEI/GETTY IMAGES) (B1); A rendering of the planned Iron Man Experience at Hong Kong Disneyland, with a shopping area, which is due to open in 2016. (PHOTOGRAPH BY DISNEY/MARVEL) (B4)

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The New York Times

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Business/Financial Desk; SECTB
**New Fashion Runway: Wall St.**

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With his red-carpet gowns, lush cashmere sweaters and jet-set shoulder totes, Michael Kors has influenced fellow designers across the globe.

These days, though, Mr. Kors is inspiring the fashion world not only with his ''affordable luxury'' merchandise, but also with the extraordinary success of his initial public offering nearly two years ago.

On Wednesday, Marc Jacobs announced his departure from Louis Vuitton to focus on an I.P.O. of his own brand. Last year, Diane von Furstenberg set off speculation about a stock offering when she hired a top-level fashion executive in a push to expand her business. And while Tory Burch has denied any near-term interest in an I.P.O., there are persistent whispers of a Wall Street debut.

Call it the Michael Kors effect.

When a company receives such an exuberant reception from stock investors, bankers say, it naturally causes similarly positioned businesses to think: Why not me?

''You might not see these designers filing for an I.P.O. tomorrow, but they have all had discussions with advisers and are positioning themselves to go public,'' said a senior executive at a large investment bank who requested anonymity because of his involvement in some of those private conversations.

''And you can be sure,'' he added, ''that the Kors juggernaut looms large in these talks.''

Shares of Michael Kors Holdings have more than tripled since their December 2011 offering, making the I.P.O. one of the most successful in recent years, as the company continues to turn in exceptional financial results and torrid growth.

It now has a stock market value of $15.5 billion, recently surpassing the $15.2 billion market capitalization of Ralph Lauren, one of the best-known brands in the history of the apparel business and a public company since 1997. The blazing performance of Michael Kors stock has created extraordinary wealth for its namesake, a Fashion Institute of Technology dropout who rose to fame as a judge on the fashion television show ''Project Runway.''

Mr. Kors, 54, has sold shares in his company totaling about $700 million, and still holds stock valued at roughly $330 million.

His financial backers and senior executives have also cashed in handsomely.

Sportswear Holdings, a private equity firm controlled by Silas K.F. Chou and Lawrence S. Stroll, have disposed of about $3 billion worth of their shares. John D. Idol, the chief executive of Michael Kors, has sold more than $400 million of his holdings.

Though they have not received nearly the attention of blockbuster technology offerings like Facebook's debut last year and Twitter's pending deal, fashion I.P.O.'s are in vogue on Wall Street.

Vince, a luxury apparel brand owned by Kellwood, filed last month to sell stock to the public and separate from its parent. In Europe, Prada, Salvatore Ferragamo and Bruno Cucinelli have listed shares in the last couple of years.

American design houses have had a mixed record as publicly traded companies. The capriciousness of shoppers' taste can often lead to volatile stock performance, which is anathema to investors who typically prefer more reliable stocks that show steady, consistent growth.

Kenneth Cole, the purveyor of shoes, bags and apparel, took his company private in February 2012 after years of poor share performance. At that time, Mr. Cole explained that the pressures of the public markets had caused the company to focus on short-term earnings at the expense of fashion innovation.

In the 1990s, several fashion companies disappointed as publicly traded stocks, most glaringly the highly publicized offering by Donna Karan. Ms. Karan's business faltered early on as a public company and its stock struggled for years. Ultimately, though, she made huge personal profits selling her business to the European conglomerate LVMH.

Traditionally, Wall Street favors the stocks of companies with diverse portfolios of brands and more reliable earnings, like the VF Corporation and the Jones Apparel Group, over ones with their fortunes tied to a single designer. An exception is Ralph Lauren, an enduring business whose success has largely depended on the taste and image of the company's founder.

But today, bankers and analysts say, investors are clamoring for so-called pure plays instead of companies with multiple brands. For instance, Fifth & Pacific, formerly known as Liz Claiborne, has been trying to sell slower-growth lines like Lucky and Juicy Couture to concentrate on its hottest brand, Kate Spade.

''What investors crave is a high-growth story, and if it has 'star power,' even better,'' said John Berg, chief executive of the investment bank Financo. ''The potential for these brands to grow extremely quickly holds great appeal on Wall Street.''

Diane von Furstenberg and Tory Burch are two of those brands. Though both have brushed off suggestions that I.P.O.'s are imminent, each has raised eyebrows with recent business moves. Ms. Von Furstenberg last year hired Joel Horowitz, the longtime business partner of Tommy Hilfiger and an architect of the designer's success.

''We are at the perfect stage for even greater worldwide growth,'' Ms. Von Furstenberg said when announcing the hiring of Mr. Horowitz, who was named co-chairman of the company.

Last January, Ms. Burch disclosed minority investments from two private equity firms, BDT Capital Partners and General Atlantic. Those backers told The New York Times in August that their investments obviate the need for Tory Burch to raise money in an I.P.O. Yet private equity firms typically seek to exit their stakes after several years, often through a stock offering.

The news that Mr. Jacobs was readying his own brand for an I.P.O. had industry players drawing comparisons between him and Mr. Kors.

Like Mr. Kors, Mr. Jacobs, 50, has aggressively opened stores internationally and marketed lower-price collections. Both also have ties to LVMH, which once had a minority interest in Mr. Kors's business and employed Mr. Kors as creative director of LVMH's Celine line.

LVMH has owned a majority stake in the Marc Jacobs brand for the last decade, and Mr. Jacobs has also served as creative director of the company's Louis Vuitton brand.

On Wednesday, LVMH's chairman, Bernard Arnault, said that the growth of the Marc Jacobs business had accelerated in recent years, with sales nearing $1 billion.

Mr. Berg, the Financo chief executive, said that a brand like Marc Jacobs could prove alluring to investors. But he warned that the fickleness of fashion made deals like these tricky propositions.

''The problem with these trendy brands and high-growth stories is that the markets love you when you're hot,'' he said. ''But once you lose your luster, Wall Street is unforgiving and moves right on to the next story.''

This is a more complete version of the story than the one that appeared in print.

From left, the designers Michael Kors, Diane von Furstenberg, Marc Jacobs and Tory Burch on the runway. (PHOTOGRAPHS BY FRAZER HARRISON/GETTY IMAGES FOR MICHAEL KORS; JASON CARTER

 

RINALDI/GETTY IMAGES FOR BIOSILK; PETER MICHAEL DILLS/GETTY IMAGES; MEHDI TAAMALLAH/AFP -- GETTY IMAGES) (B1); Models displaying Marc Jacobs's spring 2014 collection during the Mercedes-Benz Fashion Week in New York last month. (PHOTOGRAPH BY EMMANUEL DUNAND/AGENCE FRANCE-PRESSE -- GETTY IMAGES) (B2)

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The New York Times

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**Visually Impaired Turn to Smartphones to See Their World**

By NICK BILTON
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Luis Perez loves taking photographs. He shoots mostly on an iPhone, snapping gorgeous pictures of sunsets, vintage cars, old buildings and cute puppies. But when he arrives at a photo shoot, people are often startled when he pulls out a long white cane.

In addition to being a professional photographer, Mr. Perez is almost blind.

''With the iPhone I am able to use the same technology as everyone else, and having a product that doesn't have a stigma that other technologies do has been really important to me,'' said Mr. Perez, who is also an advocate for blind people and speaks regularly at conferences about the benefits of technology for people who cannot see. ''Now, even if you're blind, you can still take a photo.''

Smartphones and tablets, with their flat glass touch screens and nary a texture anywhere, may not seem like the best technological innovation for people who cannot see. But advocates for the blind say the devices could be the biggest assistive aid to come along since Braille was invented in the 1820s.

Counterintuitive? You bet. People with vision problems can use a smartphone's voice commands to read or write. They can determine denominations of money using a camera app, figure out where they are using GPS and compass applications, and, like Mr. Perez, take photos.

Google's latest releases of its Android operating systems have increased its assistive technologies, specifically with updates to TalkBack, a Google-made application that adds spoken, audible and vibration feedback to a smartphone. Windows phones also offer some voice commands, but they are fewer than either Google's or Apple's.

Among Apple's features are ones that help people with vision problems take pictures. In assistive mode, for example, the phone can say how many heads are in a picture and where they are in the frame, so someone who is blind knows if the family photo she is about to take includes everyone.

All this has come as a delightful shock to most people with vision problems.

''We were sort of conditioned to believe that you can't use a touch screen because you can't see it,'' said Dorrie Rush, the marketing director of accessible technology at Lighthouse International, a nonprofit vision education and rehabilitation center. ''The belief was the tools for the visually impaired must have a tactile screen, which, it turns out, is completely untrue.''

Ms. Rush, who has a retinal disorder, said that before the smartphone, people who were visually impaired could use a flip-phone to make calls, but they could not read on the tiny two-inch screens. While the first version of the iPhone allowed people who were losing their vision to enlarge text, it wasn't until 2009, when the company introduced accessibility features, that the device became a benefit to blind people.

While some companies might have altruistic goals in building products and services for people who have lost their sight, the number of people who need these products is growing.

About 10 million people in the United States are blind or partly blind, according to statistics from the American Foundation for the Blind. And some estimates predict that over the next 30 years, as the vast baby boomer generation ages, the number of adults with vision impairments could double.

Apple's assistive technologies also include VoiceOver, which the company says is the world's first ''gesture-based screen reader'' and lets blind people interact with their devices using multitouch gestures on the screen. For example, if you slide a finger around the phone's surface, the iPhone will read aloud the name of each application.

In a reading app, like one for a newspaper, swiping two fingers down the screen will prompt the phone to read the text aloud. Taking two fingers and holding them an inch apart, then turning them in a circle like opening a padlock calls a slew of menus, including ones with the ability to change VoiceOver's rate of speech or language.

The iPhone also supports over 40 different Braille Bluetooth keyboards.

On all the mobile platforms, people with vision loss say, the real magic lies in the hundreds of apps that are designed specifically to help people who are blind.

There are apps that can help people see colors, so pointing their phones at an object will yield a detailed audio description of the color, like ''pale yellow green'' or ''fresh apricot.'' People who are blind say these apps open up an entirely new way of seeing the world. Light detection apps can emit a sound that intensifies when someone approaches a light source. This can be used to help people find a room's exit, locate a window or turn off a light. There are apps that read aloud e-mails, the weather, stock prices as well as Twitter and Facebook feeds.

In the United States, one of the biggest challenges for blind people is figuring out a bill's denomination. While coins are different sizes, there is no such differentiation between a $1 bill and a $100 bill. In the past, people with impairments had someone who could see help them fold notes differently to know which was which, or they carried an expensive third-party device, but now apps that use the camera can identify the denomination aloud.

''Before a smartphone was accessible we had to carry six different things, and now all of those things are in one of those devices,'' Ms. Rush said. ''A $150 money reader is now a $1.99 app.''

She added: ''These devices are a game-changer. They have created the era of inclusion.''

While some app makers have made great efforts to build products that help people with impairments, other developers overlook the importance of creating assistive components.

Mr. Perez said what he could do now with his smartphone was inconceivable just a few years ago. But even well-known apps like Instagram, which he uses to share some of his photos, do not mark all of their features.

''When some developers design their apps, they don't label all of their buttons and controls, so the screen reader just says, 'This is a button,' but it doesn't say what the button actually does,'' Mr. Perez said. ''That's an area where we need a lot of improvement.''

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This is a more complete version of the story than the one that appeared in print.

Chip Johnson, who is blind, checking Facebook using the VoiceOver system on an iPhone. (PHOTOGRAPH BY HYOUNG CHANG/THE DENVER POST)

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# The New York Times

DEALBOOK
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**BlackBerry Buyout Offer Raises Array Of Questions**

By IAN AUSTEN and DAVID GELLES
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1
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An offer to take BlackBerry private does not end the uncertainty surrounding the ailing smartphone maker.

BlackBerry said on Monday that it had signed a letter of intent from a group led by Fairfax Financial Holdings, a Canadian insurance and investment company, to pay shareholders $9 a share in cash, pending a variety of conditions, taking the company private.

The $4.7 billion offer from Fairfax, which already owns about 10 percent of BlackBerry, is a powerful symbol of the phone maker's decline. In June 2008 -- a time when BlackBerrys defined smartphones -- the company had a stock market value of $83 billion.

Any deal is far from done. Fairfax did not identify the other investors in its consortium, which is seeking financing. And while the offer could flush out potential rival suitors, it is unclear who might be tempted to come forward, given the company's uncertain prospects. Investors gave a muted endorsement on Monday, with BlackBerry shares rising 1 percent, to $8.82, but failing to reach the $9 bid price.

The offer came after the company announced on Friday that it expected to report a quarterly loss of nearly $1 billion, stemming largely from the failure of the BlackBerry 10 line of phones that were supposed to revive the company. BlackBerry also outlined plans to lay off about 40 percent of its already reduced work force, or around 4,500 people.

Sensing the opportunity to halt the fall in company's stock prompted by that announcement, and the potential to kick off an auction, BlackBerry's board seized on the offer, quickly signing a letter of intent. The particulars of the deal's announcement came together in a matter of hours Monday morning.

V. Prem Watsa, Fairfax's chairman and chief executive, told shareholders in March that the company paid an average price of $17 for its BlackBerry shares, giving him an obvious interest in at least stalling the slide in BlackBerry's shares.

Yet not only are there questions about the offer, several analysts say it is not clear how the Fairfax group could stem BlackBerry's rapid decline or stabilize the company.

''Last week was essentially an announcement that they are leaving the handset business,'' said Jan Dawson, a telecommunications analyst with Ovum. ''But pick any market they're trying to go into and there are strong, entrenched competitors.''

Given the high risk involved in investing in BlackBerry, one of the most pressing questions surrounding the deal is the identity of anyone prepared to invest in the company alongside Fairfax. One possible clue came from the fact that Byron D. Trott, the banker used by Warren E. Buffett, was advising Fairfax. Mr. Trott and his firm, BDT & Company, often work with wealthy private investors.

Mike Lazaridis, the co-founder of BlackBerry who stepped down as co-chief executive in 2012, has been interested in making an offer with private equity investors, people familiar with the situation said. That led to speculation on Monday that he might join the Fairfax group.

Through a spokesman, Mr. Lazaridis declined to comment. Neither Fairfax nor Mr. Watsa responded to requests for comment.

Just as unclear is how a buyout would be financed. Fairfax did not say how much cash it was prepared to put toward the deal, or how much debt it might expect BlackBerry to take on in a buyout. BlackBerry is largely debt-free and had about $2.6 billion in cash at the end of the last quarter, leaving just a couple of billion dollars needed to conceivably strike an acquisition.

But any bank that provides financing could be taking a risk. The company consumed about $500 million of its cash during the last quarter, while the coming layoffs and sluggish sales raise the possibility that even more than that may vanish in the current quarter.

By signing the letter of intent, BlackBerry effectively opened the door to other bidders. It now has six weeks to shop itself around as Fairfax conducts due diligence, or scrutinizes its books. If BlackBerry accepts another deal or walks away from Fairfax's offer before a definitive agreement is signed, it will owe Fairfax about $157 million. If it walks away after a formal deal is signed, it will owe Fairfax about $262 million. Neither does the agreement appear to bind Fairfax to its $9 a share bid; after due diligence, Fairfax may decide to lower its offer.

The offer establishes a timeline and a price floor for other potential bidders. But with the company in free fall, there is little certainty of another bid emerging in the coming weeks.

Brian Colello, an analyst with Morningstar, said that other buyers, if there are any, were unlikely to be interested in BlackBerry's phone business.

''There is no value for the BlackBerry 10 ecosystem,'' he said. ''The value of this company is cash and patents.''

Analysts' estimates put the value of the patents at about $2 billion. But not only has the market for patents cooled, BlackBerry does not directly control many of its most important patents, which it owns in common with other technology companies like Apple and Microsoft.

Still, BlackBerry continues to have a strong booster in Mr. Watsa. He resigned from BlackBerry's board in August to avoid any conflicts of interest after the company announced that it was engaged in a strategic review that might include a sale.

Mr. Watsa's involvement in a buyout would ensure Canadian control of the company, which is based in Waterloo, Ontario, removing a major hurdle for a deal. While a number of Chinese companies, particularly ones with little market presence in the West, might bid for BlackBerry, the Canadian government would most likely block any such takeover on national security grounds.

Historically, Mr. Watsa has favored buying distressed companies and then guiding turnarounds. While the strategy has generally been successful, the company's recent history includes some prominent failures. CanWest Global Communications, once a large Canadian television broadcaster and newspaper publisher, and AbitibiBowater, a paper maker, both collapsed and ultimately were delisted. Fairfax also began buying heavily in Torstar, the parent company of The Toronto Star and the romance book publisher Harlequin, in 2007. Since then, Torstar's share price has steadily declined.

Fairfax uses hedging and large cash holdings to protect its investors from failed investments.

Even without quitting the handset business, BlackBerry's management has said it plans to expand the company's software business. BlackBerry has ambitious plans for its relatively new software that allows corporations to control and manage employees' mobile devices, including iPhones and Android-based phones. It has also made efforts to turn the BlackBerry Messenger instant-messaging service into a social media service.

But in those areas, as in the phone business, BlackBerry has come up against large, well-financed competitors like Microsoft and Facebook.

If BlackBerry does go private, it would be the second large technology company with outdated products to go that route this year. Dell, the personal computer maker, was bought out by its founder, Michael S. Dell, and Silver Lake Partners this month for $24.9 billion.

Yet Dell is a veritable tech powerhouse compared to BlackBerry, whose North American market share has slid to 3.4 percent from 51 percent in just four years. In Dell's case, revenues are down and demand for its products has weakened because of the growth of tablets, but Dell remains a major provider of commodity PCs and servers, and owns business and government software assets that may provide it with a more certain path forward.

 

This is a more complete version of the story than the one that appeared in print.

A BlackBerry display at a London store. Its newest line of phones has failed to catch on. (PHOTOGRAPH BY ANDREW WINNING/REUTERS) (B4) CHART: Steep Decline (Source: Gartner)

Document NYTF000020130924e99o0008y

 

The New York Times

Business/Financial Desk; SECTB
# Former Banker Pleads Guilty In Olympus Accounting Case

By THE ASSOCIATED PRESS
348 words
19 September 2013
The New York Times
NYTF
Late Edition - Final
6
English


A former bank vice president pleaded guilty on Wednesday to a fraud charge, admitting he helped former executives of Olympus carry out a fraud involving several hundred million dollars that deceived investors into thinking the company was stronger financially than it was.

The former banker, Chan Ming Fon, 50, pleaded guilty in Federal District Court in Manhattan to federal conspiracy to commit wire fraud. He said he helped the executives as they misrepresented the financial condition of Olympus, a maker of medical devices and cameras, from at least 2004 through 2010 while he worked at two international financial institutions.

''I acknowledge that my conduct was wrong,'' Mr. Chan told Judge Laura Taylor Swain.

Mr. Chan, a Taiwanese citizen and Singapore resident, was arrested in December in Los Angeles. He was expected to remain in the Los Angeles area after posting $1.5 million cash as part of his $3 million bail.

Prosecutors said Mr. Chan managed a fund that held a bond investment portfolio belonging to Olympus. The government said Olympus executives directed Mr. Chan to transfer the portfolio to an Olympus-controlled entity, making the company appear stronger financially than it was.

In a plea deal with the government that requires his cooperation, Mr. Chan acknowledged that he provided false and misleading information about the investment portfolio to Olympus's auditor, misleading investors into thinking the portfolio remained in safe and secure bonds.

Mr. Chan received more than $10 million in compensation for cooperating with the corrupt executives.

At the time of his arrest, the United States attorney in Manhattan, Preet Bharara, said Mr. Chan ''was handsomely paid to play an international shell game with hundreds of millions of dollars of assets in order to allow Olympus to keep a massive accounting fraud going for years.''

A year ago, Olympus, its former president and two other executives pleaded guilty in Tokyo to criminal charges related to a two-decade $1.7 billion accounting fraud aimed at covering up huge investment losses.

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The New York Times

DEALBOOK
Business/Financial Desk; SECTB
**Vivendi Weights Spinoff**

By MICHAEL J. DE LA MERCED
289 words
12 September 2013
The New York Times
NYTF
Late Edition - Final
9
English


The French conglomerate Vivendi said on Wednesday that its board was considering cleaving itself in two, months after it struck deals to sell big holdings in the video game maker Activision Blizzard and a Moroccan phone company.

In a statement, Vivendi said that it was considering a plan to essentially spin off its SFR cellphone service arm, leaving the company with its core media holdings. Such a move would give SFR more freedom to consider deals and other strategic moves amid a sweeping overhaul of the telecommunications industry.

And it would leave Vivendi as an international media giant, whose businesses include the Universal Music Group, the giant of the music industry.

''The planned demerger would create significant value to shareholders as they would have the opportunity to invest in two clearly differentiated vehicles evaluated according to the specifics of their respective sectors,'' the company said in a statement.

The announcement on Wednesday came after two already significant moves by Vivendi to slim itself down amid investor concerns for a broad overhaul of its corporate structure. In late July, the company announced that it would sell the bulk of its holdings in Activision Blizzard back to the video game publisher for about $8.2 billion.

Days earlier, Vivendi entered talks to sell its 53 percent stake in Maroc Telecom to the Emirates Telecommunications Corporation for about $5.5 billion.

The company's board could decide on the break-up as soon as early next year, which would mean that shareholders could vote on its at the conglomerate's annual meeting.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECTB
**Britain to Prosecute Japan's Olympus for Fraud**

By HIROKO TABUCHI; Mark Scott contributed reporting from London.
514 words
5 September 2013
The New York Times
NYTF
Late Edition - Final
3
English


TOKYO -- British authorities plan to prosecute Olympus, the Japanese manufacturer that was embroiled in a $1.7 billion accounting fraud two years ago, reviving a scandal after a Japanese court imposed modest fines and suspended sentences on several executives.

Olympus, along with its British unit, Gyrus, a medical equipment company, will be prosecuted by Britain's Serious Fraud Office on charges of falsifying financial statements in 2009 and 2010 in a breach of Britain's Companies Act, the company said in a statement Wednesday.

Olympus, which is based in Tokyo, admitted in late 2011 that it had operated a long-running scheme to cover up $1.7 billion in losses after its newly installed chief executive, Michael C. Woodford, uncovered irregular accounting practices at the company.

The internal allegations led Olympus to fire Mr. Woodford, a British national. But he went public with evidence of wrongdoing and has since submitted evidence and testimony to British, American and Japanese investigators.

The British investigation began in November 2011, but it has taken until now to collect the evidence, said a spokesman for the Serious Fraud Office. The Japanese and British authorities have been in contact over the investigation, the spokesman said.

The first British court date was set for next week, and the case is likely to be heard in the fall. It was unclear what the maximum penalties could be if the company was found guilty.

In Japan, a local court in July handed three Olympus executives, including Tsuyoshi Kikukawa, former president, suspended sentences and fined the company 700 million yen ($7 million). Olympus also was hit with separate fines of 192 million yen from Japan's Financial Services Agency and 10 million yen from the Tokyo Stock Exchange, which elected to keep Olympus stock listed.

Olympus's limited censure by the Japanese authorities set off criticism among corporate governance experts that the company had been let off too lightly. It also highlighted the tendency here for criminal responsibility in corporate scandals to fall on individuals, often picked to take the blame for the sake of the company.

Olympus, a leading maker of medical endoscopes and digital cameras, has appeared to move on. Last year, it settled a multimillion-dollar lawsuit brought by Mr. Woodford over discrimination and unfair dismissal. The company's share price, which plummeted after the initial revelations of fraud, has since recovered to prescandal levels.

After revealing big losses in 2011, Olympus has also climbed back into the black, booking a net profit of 8 billion yen for the latest fiscal year through March, in contrast to a 49 billion yen loss the previous year.

In its statement, Olympus said that it was difficult to predict the extent of penalties that might be imposed by British authorities and that any impact on its finances was unclear.

Tsuyoshi Kikukawa, former president of Olympus, and two other executives were given suspended sentences in the scandal. (PHOTOGRAPH BY KYODO NEWS, VIA ASSOCIATED PRESS)

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The New York Times

Business/Financial Desk; SECTB
**Scientists Expand Scale Of Digital Snooping Alert**

By JOHN MARKOFF
670 words
5 September 2013
The New York Times
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Late Edition - Final
6
English


Scientists reported on Wednesday that they had taken a step toward bringing improved security to computer networks, developing an encryption technique that will extend protection to a small group of computer users.

The researchers at Toshiba's European research laboratory in Cambridge, England, in a paper published on Wednesday in the journal Nature, wrote that they had figured out a way to allow a group of users to exchange encryption keys -- long numbers that are used to mathematically encode digital messages -- through an experimental technique known as quantum key distribution.

The new technique is believed to be more practical and less expensive than existing technologies. It also extends the scale of the current quantum key systems to as many as 64 computer users from just two users.

The system does not prevent eavesdropping -- it simply serves as a kind of burglar alarm, alerting computer users that an outsider is listening to a transmission on an optical network.

Nevertheless, the advance comes at a time of growing concern about the relative ease of breaching computer security, prompted by recent disclosures based on the documents leaked from the National Security Agency and the British Government Communications Headquarters intelligence agencies by Edward J. Snowden. One worry is that the initial exchange of the key material in modern encryption systems has become vulnerable.

Today many digital encryption systems are based on the ability of two computer users to secretly exchange a ''key'' -- a large number, which is then used to establish a secure communication channel to exchange messages over a computer network.

The encryption key is encoded in a special stream of photons or bits. The Toshiba work is based on the ability to make the infinitesimally short time measurements required to capture pulses of quantum light hidden in streams of photons transmitted over fiber optic links -- and to do that in a network of dozens of users.

The key exchange is usually protected by the use of mathematical formulas based on the challenge of factoring large numbers. In recent years public key cryptographic systems have been improved by lengthening the factored numbers used in the formula. That, in principle, would require vastly more computing resources to break into the system.

Quantum cryptography relies instead on encoding the key in a stream of quantum information -- photons that are specially polarized. If a third party eavesdrops on the communication, the fact will be immediately obvious to the parties of the secret communication.

''One of the attractive things about quantum cryptography is that security comes in the form of the laws of nature,'' said Andrew J. Shields, one of the authors and the assistant managing director for Toshiba Research Europe. ''It should, in principle, be secure forever.''

Encryption systems that are now commercially available are used to secured the wires over which digital information is transferred, but they are costly and function only over limited distances. Allowing multiple users to share a network connection while using a quantum encryption system could significantly lower costs, Dr. Shields said.

He acknowledged that a quantum encryption system solved only a portion of the problem.

"To be honest, quantum cryptography allows us only to know if someone is tapping the fiber," he said. "There are other areas of concern."

But the eavesdropping that the system is designed to detect has been well documented. For example, in 2006 an AT&T technician came forward to report that the National Security Agency had established such a system to monitor communications traffic flowing through an AT&T network switching facility in San Francisco. Had a quantum cryptography system been in place, Dr. Shields said, the N.S.A. presence would have been detected.

Dr. Shields said that he could not speak publicly about whether Toshiba would try to commercialize the research work of his group. The group, he said, now plans to extend the range of the system further and use it in a live computer network.

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The New York Times

Business/Financial Desk; SECTB
**In a Bean, a Boon to Biotech**

By ANDREW POLLACK; Stephanie Strom contributed reporting.
1,438 words
16 November 2013
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NYTF
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1
English


A new federal push to purge artery-clogging trans fats from foods could be just what the doctor ordered -- not only for public health but for the unpopular biotechnology industry, specifically, two developers of genetically modified crops.

The developers, Monsanto and DuPont Pioneer, have manipulated the genes of the soybean to radically alter the composition of its oil to make it longer-lasting, potentially healthier and free of trans fats.

''In essence we've rebuilt the profile,'' said Russ Sanders, director of food and industry markets at DuPont Pioneer. ''It almost mirrors olive oil in terms of the composition of fatty acids.''

It's too soon to tell if food companies and restaurants will embrace the oils, which are now available only in limited quantities. But the policy proposed last week by the Food and Drug Administration to eliminate trans fats could make the marketing job easier.

The new beans could help the image of the biotechnology industry because they are among the first genetically engineered crops with a trait that benefits consumers, as opposed to farmers. Despite industry promises to create better-tasting or more nutritional foods, virtually all the biotech crops introduced since 1996 have been aimed at helping farmers control weeds and insects. That has made it easier for various consumer interest groups to oppose the crops.

''We have been told if we have a product that is beneficial to consumers it will be much more acceptable,'' said John Becherer, chief executive of the United Soybean Board, which funds research using money collected from farmers.

The board is putting $60 million into the development and marketing of the altered beans in an effort to stem losses that soybean oil has suffered to palm oil and canola oil as concerns about trans fats have mounted. Its market share could decline even further if the F.D.A. proposal takes effect.

Soybean oil turns rancid relatively quickly, limiting the shelf life of foods containing it and requiring restaurants to change their frying oil frequently. To make it last longer, and also to solidify it for use in baked goods, the oil can be treated with hydrogen gas. But that process, partial hydrogenation, also creates trans fats.

In 2003, the F.D.A. announced that food products containing artificial trans fats would have to be labeled starting in 2006. And some cities, starting with New York in 2005, have told restaurants to avoid trans fats.

The use of edible soybean oil fell to 12.3 billion pounds last year, from an estimated 15.5 billion pounds in 2005, of which half was partly hydrogenated, according to Richard Galloway, a consultant to the United Soybean Board.

Mr. Galloway estimated that about two billion pounds of partly hydrogenated soy oil were still in use, mainly in baked goods, where a more solid consistency is needed and the amounts used can be small enough to avoid the labeling requirement.

But the F.D.A.'s proposal would require food companies to prove that partly hydrogenated oils were safe. That should pretty much eliminate their use.

Both Monsanto's Vistive Gold soybeans and DuPont Pioneer's Plenish soybeans are engineered to silence the gene for an enzyme that converts oleic fatty acid into linoleic acid.

The resulting oil has very low levels of linoleic and linolenic acids, which are polyunsaturated and responsible for soybean oil's short shelf life. By contrast, about 75 percent is oleic acid, three times the level in a conventional soybean. Oleic acid is a monounsaturated fatty acid that is the main component of olive oil.

Monsanto's beans have a second genetic modification that lowers the level of saturated fats, which are also bad for health.

There are no plans yet to sell the new oils in supermarkets, since conventional vegetable oil is fine for consumer use and would be cheaper.

''You don't sit there and fry with oil day in and day out,'' said Robb Meeuwsen, director of edible oils at Zeeland Farm Services, which is marketing Vistive Gold oil.

A question now is whether the oils are coming to market too late, since many restaurants and packaged food companies have already eliminated trans fats.

Because the new oils are liquids, they could not easily replace the partly hydrogenated oils used in baked goods, unless they are blended with other fats. So the best hope for Monsanto and DuPont might be to try to win back share that has been lost to palm, canola or other oils.

They and their distributors argue that the soy oil flavor is more familiar to Americans and lower in saturated fats than palm oil. Soybeans are grown on far more land than canola, providing more security of supply and potentially larger economies of scale.

People involved in the new soybean oil say that many food companies and restaurant chains, including the giants, are now testing the new oils.

''We're sold out in 2013 and 2014,'' said John Jansen, vice president for regulatory, quality and innovation at Bunge, an oil manufacturer working with DuPont and Monsanto.

But there are grounds for skepticism. It has been more than three years since the Agriculture Department approved DuPont's Plenish soybeans for commercial planting and nearly two years since it approved Vistive Gold soybeans. Yet the crops are grown on only limited acreage, though that is partly by design until Europe grants permission to import the beans. And neither the seed companies nor the oil processors, citing confidentiality agreements, would name a single customer who is either using or testing the oils.

A representative for one of the country's largest food companies said that the company had already removed trans fats from some 90 percent of its products in part by using high-oleic canola oil. ''These products work well and are easy to get, so I'm not sure why we would need to switch to these other products,'' this person said, insisting on anonymity for competitive reasons.

Moreover, Monsanto's and DuPont's previous attempts to market soybeans that would produce no trans fats, some of them developed with conventional breeding, faltered.

''I don't think high-oleic soybean is a slam dunk,'' said Walter Fehr, a soybean breeder at Iowa State University.

Monsanto and Dow could also face competition from a high-oleic soybean developed through conventional breeding, not genetic engineering, by researchers at the University of Missouri and the Agriculture Department.

Critics of biotech crops question whether the new biotech crops will benefit consumers, since most food companies have already eliminated trans fats.

Bill Freese, a researcher at the Center for Food Safety, said the crops should have undergone more extensive safety testing because the genetic engineering changed the levels of many components, not just the targeted fatty acids. Both Plenish and Vistive Gold soybeans underwent a voluntary safety review by the F.D.A.

By contrast, Michael Jacobson, executive director of the Center for Science in the Public Interest, which has campaigned against trans fats but is not against genetic engineering, said the biotech oils could be an ''excellent substitute'' for partly hydrogenated oils.

 

Monsanto, DuPont and oil processors say that the fact that the new beans are genetically engineered has not deterred potential customers. That could be because almost all soybeans and canola are already genetically engineered, to provide herbicide tolerance.

DuPont expects only 100,000 to 300,000 acres of Plenish soybeans to be planted next year, mainly in Indiana and Ohio, a tiny fraction of the nation's roughly 75 million acres of soybeans.

Mr. Becherer of the United Soybean Board said the goal was to have 18 million acres of high-oleic soybeans growing by 2023.

Monsanto is also working to introduce a different genetically engineered soybean, one with high levels of omega-3 fatty acids, similar to those found in fish oil and generally considered good for heart health.

If the high-oleic soybeans do not catch on with food companies, all might not be lost. The same properties that make them last in the fryer could also make them desirable for industrial uses, perhaps as lubricants.

DuPont Pioneer's oil compared with soybean oils with partly hydrogenated oils, the source of trans fats. (PHOTOGRAPH BY DUPONT PIONEER) (B1); Russ Sanders of DuPont Pioneer holding a genetically modified soybean. His company's version, he says, produces oil that ''almost mirrors olive oil in terms of the composition of fatty acids.'' (PHOTOGRAPHS BY BRIAN C. FRANK FOR THE NEW YORK TIMES; DUPONT PIONEER) (B7)

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GADGETWISE
Business/Financial Desk; SECT

**Headphones Turn Up the Bass, Their Way**

By ROY FURCHGOTT
317 words
14 November 2013
The New York Times
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The New York Times on the Web
English


CORRECTION APPENDEDHeadphone manufacturers may finally realize that imitating the thumping bass sound of Beats headphones does not automatically lead to Beats-size success.

Look no further than Sennheiser's Momentum on-ear headphones, and Voxx 808 Duo headphones. Both offer truer sound than the Beats imitators, at lower prices than many.

Sennheiser is a venerated name in headphones. Its new Momentum model borrows aesthetics from old-timey radio headphones, blending exposed metal and colorful ear cups. I found them comfortable, with lots of room for adjustment, and suedelike ear pad covers.

These are not neutral-sounding audiophile headphones. There is an extra dollop of bass, but it is tight and well defined.

That bass does not come entirely at the cost of the midrange and high frequencies, which were still distinct and detailed. But the cost of that precision is a considerable $230.

At less than half that price, the $100 808 Duo headphones are a reasonable alternative to the hip-hop fashion kind.

As with the Sennheisers, the bass is pumped up more than you will find on colorless audiophile headphones. And they do reasonably well on a variety of music, although the sound is a little muddy on intricate orchestral pieces, like those in opera and on movie soundtracks.

Both of these headphones are examples of what some call ''fun cans'': not superaccurate, but a sort of guilty pleasure.

Although I would prefer either of these to a $300 pair of thudding fashion headphones, I still like the truer, more balanced sound of the $100 Grado SR80i or the $90 Sony MDR7506 headphones.

Online Correction: November 13, 2013, Wednesday

This article has been revised to reflect the following correction: An earlier version of this article misstated the brand name of the 808 Duo headphones. They are branded Voxx, not Audiovox.

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The New York Times

GADGETWISE
Personal Tech; SECTB
**An iPhone Case Hemingway Would Love**

By GREGORY SCHMIDT
325 words
14 November 2013
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11
English


I've been a fan of Moleskine notebooks for years because of their rugged appearance and warm textures, which invite me to jot my thoughts down. But with the advent of smartphones, carrying the notebooks around seemed redundant because I could make notes digitally. So I ditched the notebooks for a smooth, cold iPhone.

But Pad and Quill has offered a compromise. The company, which was founded in 2010 in Minneapolis, uses materials like cloth, leather and wood to make handcrafted cases for Kindle e-readers and Apple devices like the iPhone and iPad.

Resembling bound notebooks, the cases are a handsome blend of technology and craftsmanship. The leather covers are made in Mexico, and the wood is cut and finished in St. Paul, where the cases are then assembled in a bindery.

For my iPhone 5, I tried out the $70 Little Pocket Book, which Pad and Quill's president, Brian Holmes, says is the company's most popular item. The phone rests in a cradle of Baltic birch, which is then wrapped in top-grain leather. The exterior is stitched and embossed and includes an elastic band that keeps the case closed. The front flap has three small interior pockets for cards and a larger one for bills. The case even has a ribbon that looks like a bookmark, completing the appearance of a notebook.

The case adds some bulk, but it still fit in my front pants pocket. The birch cradle has channels that keep the ports and buttons accessible, and the back of the case has a hole for the camera's aperture, although to take a photo, you have to hold the front flap and the elastic closure out of the way.

Over all, the Little Pocket Book an attractive, sturdy case. I only wish there were a tiny stylus inside, to help with my note-taking.

Document NYTF000020131114e9be0006x

The New York Times

Business/Financial Desk; SECTB
**Motorola to Offer Moto G Smartphone Aimed at Emerging Markets**

By BRIAN X. CHEN
938 words
14 November 2013
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5
English


SAN FRANCISCO -- Motorola Mobility, the handset maker owned by Google, is still trying to find its niche in the smartphone market.

Sales of Motorola's high-end smartphone, the Moto X, have been slow. Now the company is targeting the low end of the market with a less expensive phone, but with a major limitation -- Motorola won't release the new phone in China, the biggest market for low-end phones in the world.

The lower-priced phone, Moto G, was announced by the company on Wednesday. It costs at least $180 without a contract, and Motorola thinks it will appeal to people in places like Brazil, Chile and Peru, where there are more than 500 million potential customers.

Much of its appeal for those customers would be Google's Internet services that are embedded in the phone. But in China, the government blocks some Google services, including Play, Google's official online store, making Motorola's new smartphone far less smart there.

''Our ability to compete there is a bit constrained,'' said Dennis Woodside, Motorola's chief executive, in an interview. ''Moto G won't be offered in China, initially at least.''

Still, Motorola believes the phone will appeal to enough people outside China to be a success. Unlike many cheap smartphones on the market, the Moto G will have a big high-resolution screen and run the latest Android software to support the latest apps on the market. It has a 4.5-inch screen, which puts it right between the smaller iPhone 5S and the larger Galaxy S4 from Samsung Electronics.

There are some trade-offs that come with making the phone less expensive. The Moto G is bulkier than many popular smartphones -- weighing five ounces, it is more than an ounce heavier than an iPhone 5S, which costs $650 without a contract.

The Moto G also lacks a special feature that made Moto X, its higher-priced sibling, stand out: the ability of the device to continually listen for a user's voice and quickly react to commands.

But the low-end smartphone's goal is not to be a flashy piece of gadgetry representing the latest innovation. It is an effort by Motorola to return to growth by reaching as many people as possible, Mr. Woodside said.

''Google's mission is to organize all the world's information and make it universally accessible,'' he said. ''For Motorola, one of the things we're trying to do is create a very high-quality mobile Internet experience over time for hundreds of millions of people.''

Smartphones have surpassed the traditional cellphone in sales in the United States and some parts of Europe, and many manufacturers are looking overseas for growth. While Apple and Samsung make most of the profit in the worldwide smartphone market, the makers of cheaper phones -- including Huawei, Yulong and ZTE of China, and Micromax and Karbonn of India -- are selling well in emerging markets where high-end smartphones are not popular.

However, like other American companies, Motorola will most likely face tough competition overseas, where many manufacturers have been selling low-end smartphones for years for less than the Moto G. Details about the Moto

G leaked online ahead of Motorola's official announcement, and some analysts who looked at the specifications did not find it very compelling.

"It's heavy, thick and it's pretty expensive," said Tero Kuittinen, an analyst for Alekstra, a mobile trends research firm.

Along with the bulkier size, the $180 price tag is still not as aggressive as what some other manufacturers have released in the low end of the market, Mr. Kuittinen added. For example, Samsung's Galaxy Young, which weighs 3.4 ounces and has a 3-inch screen, costs $100 on Amazon.com. Chinese handset makers like Huawei and ZTE also make Android phones that cost as little as $100.

Motorola says it will sell the Moto G at a profit. The device will go on sale Wednesday in Brazil and parts of Europe, and then in January in other parts of the world like India and Southeast Asia. The phone will also go on sale in January in the United States, where the company thinks the device could appeal to people who cannot afford a fancy smartphone, particularly children.

The success of the Moto G will largely depend on how aggressive Motorola and Google market it, said Chetan Sharma, an independent telecom analyst who does consulting for carriers. Motorola will not only have to advertise the phone, but it will also have to persuade the carriers to train retail workers to sell the device to consumers who walk into the store, he said.

But along with being unable to sell phones in China, Motorola faces another big limitation. Unlike most manufacturers, Motorola, which Google bought last year for $12.5 billion and then retooled, has to be cautious about its approach to selling hardware. If it were too aggressive -- for example, if it were to sell the smartphones at a loss and make the money back later with ads -- it could harm Google's partners who sell phones using Google's Android operating system, which could eventually move people away from Android devices.

"That's the tight line they always have to walk," Mr. Sharma said. "How hard and how far do they push their own devices?"

Dennis Woodside, chief executive of Motorola Mobility, introducing the $180 smartphone in São Paulo, Brazil, on Wednesday. (PHOTOGRAPH BY NELSON ALMEIDA/AGENCE FRANCE-PRESSE -- GETTY IMAGES)

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The New York Times

GADGETWISE
Personal Tech; SECTB
**With TiVo, More Features for TV Lovers**

By GREGORY SCHMIDT
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9
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TiVo knows what television lovers want.

Lately, the company has faced increased competition from old rivals like cable and satellite companies and newer ones like stand-alone streaming devices, video game consoles and mobile devices. With its fifth-generation device, Roamio, TiVo answers the challenge by adding more features that TV lovers want.

Roamio, which comes in three models, still lets viewers record and play back shows, as well as pause and rewind live TV. And it lets viewers find programs through on-demand services like Hulu and Netflix.

But TiVo gave consideration to what people want from TV: more choices and more freedom. Roamio was updated to include up to six tuners, and more storage space, up to 3 terabytes. Other improvements include faster processors that make the user interface run smoother, which makes searches and content management much easier. Even the remote control was upgraded with radio frequency, so it no longer needs direct line of sight to work.

The best enhancement was the incorporation of Wi-Fi streaming, which allows the viewing of live or recorded content on any iOS device on the same wireless network (Android compatibility is coming next year). This allows users to, for instance, view one program on the TV in the living room and another one on an iPad in the bedroom. An out-of-network feature, for which Roamio is named, allows for streaming to devices anywhere, as long as there is a good Wi-Fi connection. Using this feature, I was able to watch Sunday night's episode of ''The Simpsons'' at work on Monday (but don't tell my boss).

The $600 Roamio Pro can store 450 hours of high-definition content, while the Roamio Plus stores 150 hours of the same for $400. The base model offers 75 hours of high-definition storage for $200, but has only four tuners and lacks built-in wireless streaming. And the cost does not include TiVo's service for television listings and other features, which runs $15 a month or $500 for a lifetime.

After my cable provider, Time Warner Cable, began slowly reducing the storage space on my DVR while increasing the rental fee for the device, I was longing for an option like Roamio. Not only did it ease the stress of losing TV shows because of dwindling storage space, Roamio made the search for programming simpler. For instance, after browsing TiVo's extensive library of listings to find a specific episode of ''Seinfeld,'' I had the option of watching it immediately on Amazon Prime or telling Roamio to record it the next time it showed up on cable.

Competitors may provide cheaper DVR options, but Roamio bests them with superior features. For serious TV watchers, TiVo's Roamio makes a strong case to upgrade.

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The New York Times

Business/Financial Desk; SECTB
**Samsung's Spending Plan Leaves Some Investors Cold**

By ERIC PFANNER
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3
English


SEOUL -- Samsung Electronics, the world's biggest smartphone maker, summoned investors to a luxury hotel here Wednesday to tell them why they should buy its stock. Despite a promise of more cash and other goodies, some investors left grumbling that it was not enough.

Samsung said it would double its dividend, increase spending on acquisitions and consider a listing of its stock in the United States, through American depositary receipts. The measures were aimed at lifting the stock price, which slumped this summer on concerns that Samsung's days of minting profits from the lucrative smartphone business may be drawing to an end.

The share price ''does not fully reflect our profit growth and our leadership position in the I.T. industry,'' said Lee Sang-Hoon, the company's chief financial officer. ''Going forward, we will put more emphasis on direct shareholder returns while maintaining our strategy of growth.''

Yet the announcements failed to squelch complaints that Samsung was being stingy with the roughly $50 billion pile of cash it has amassed. As Mr. Lee and other Samsung executives spoke at a rare ''analyst day'' -- only the second in the company's history and the first since 2005 -- Samsung's stock price fell, ending the day down 2.3 percent.

At the meeting, executives laid out their vision for Samsung's future, saying they would fine-tune a strategy that has helped the company carve out a one-third share of the global smartphone business, with more than double the volume of Samsung's nearest competitor, Apple.

Executives said Samsung's strength lies in the fact that it is a diversified electronics company, making everything from smartphones to televisions to washing machines, as well as many of the parts that run them, executives said. While many rivals, including Apple, outsource the supply of components and the manufacturing of phones and other devices, Samsung sees its in-house capabilities as a source of strength.

For a company of its size and financial wherewithal, Samsung has been conservative, relying largely on internal sources of growth rather than dealmaking. But Samsung said it would spend more on mergers and acquisitions, as it responds to what Mr. Lee described as a ''paradigm shift'' in the information technology business, where the focus of innovation is shifting from hardware, Samsung's traditional specialty, to software.

Over the last few years, Samsung has already begun to spend modestly as it seeks to develop new sources of growth, buying companies like Medison, which makes medical devices, and mSpot, a provider of digital music.

''I know we have been conservative in M&A, but it may be different in the future,'' Mr. Lee said. He and other executives said it made sense to hold on to cash in order to maintain a war chest for mergers or other investments needed to keep Samsung ahead of the competition.

To try to make its stock more attractive, Samsung intends to roughly double its dividend for this year to 1 percent of the average share price, Mr. Lee said. The dividend would be payable next year, pending board approval.

A 1 percent dividend yield would bring Samsung roughly into line with other companies in the electronics industry, analysts said, though this would still be below the levels of some of its rivals. Apple, for example, currently has a yield of about 2.3 percent.

Mr. Lee said Samsung, which is based in Suwon, just south of Seoul, was also considering another step -- a listing of American depositary receipts, which would make it easier for individual investors to buy its shares. Currently, Samsung stock is listed only in South Korea, where its market capitalization represents nearly one-fifth of the benchmark stock index.

Mr. Lee said international investors valued the increased transparency that would come with the regulatory requirements involved in listing American depositary receipts.

But some investors had expected more, including a bigger increase in the dividend, or news of substantial stock buybacks, which tend to lift share prices by increasing the ownership stake of the remaining shares that are publicly held.

"These are constructive steps, but Samsung obviously has more capacity to return capital," said a portfolio manager at one of the biggest U.S. institutional investment firms, who insisted on anonymity, citing company policy.

This fund manager said, however, that he was "very encouraged" to hear about Samsung's plans to step up acquisitions.

"This is very new and different," he said. "There are a lot of rich targets out there. As always, it's a question of execution."

Samsung still expects much of its growth to come from internal innovation. For the first time, it showed analysts -- though not the assembled journalists -- a foldable video display screen that could be used in smartphones or other devices. Kwon Oh-Hyun, Samsung's chief executive, said the company hoped to bring devices with foldable display screens to the market in 2015.

Some analysts are concerned that the premium end of the smartphone market, dominated by devices like Samsung's Galaxy S4 and Apple's iPhone 5S, is becoming saturated. That contributed to the sell-off in Samsung's stock this summer, though the price has rebounded in the autumn.

But Mr. Kwon, sporting a Galaxy Gear, a wristwatch that works as a companion to certain Samsung smartphones, said innovations like these would breathe new life into the high-end smartphone business. To try to underline the point, Samsung showed a video of celebrities like Paris Hilton wearing Galaxy Gear, though the watch has been met with less enthusiasm in the technology blogosphere than on the fashion catwalk.

Samsung executives said the biggest growth in smartphones would come in developing countries, where smartphone penetration remains lower. Worldwide, the company said, there are still three billion more basic "feature phones" in use.

"We believe there is substantial room for smartphone demand to grow," said J.K. Shin, head of Samsung's mobile division.

Mr. Shin said the company also intended to increase its market share in tablet computers, where it still trails Apple. Other executives painted a bullish picture even on televisions and home appliances, areas in which sales have been growing slowly or shrinking in recent years.

Samsung said it intended to nearly double its annual revenue, which it expects to total $211 billion this year, to $400 billion in 2020.

But this was not enough to persuade some investors.

"Broadly speaking, the market is a bit disappointed," said Byun Han Joon, an analyst at KB Investment & Securities in Seoul.

But Mr. Byun said he thought investors who sold Samsung shares on the news Wednesday were taking too short-term a view. He noted that the company, in addition to moving to lift the dividend, had also pledged to review its policy on cash returns in the future. That could indicate that other increases in the dividend, or buybacks, were possible.

"You could certainly say they improved their policy on investor friendliness today," Mr. Byun said.

Visitors to Samsung's headquarters near Seoul, South Korea, try out its mobile products. The company will increase its dividend. (PHOTOGRAPH BY JEAN CHUNG FOR THE NEW YORK TIMES)

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The New York Times

ADVERTISING
Business/Financial Desk; SECTB
**Stand Clear of Closing Doors! Protect Your Manicure**

By STUART ELLIOTT
979 words
30 October 2013
The New York Times
NYTF
Late Edition - Final
4
English


REMEMBER the vending machines in New York City subway stations, even on platforms? (O.K., maybe not, as it was decades ago.) Among the products straphangers could buy were cigarettes, candy and gum; there were also scales proclaiming, ''Horoscope and weight 1¢.''

The beauty giant L'Oréal wants to revisit that era in a high-tech way with a project it is sponsoring inside the 42nd Street-Bryant Park station from Monday through Dec. 30. Passers-by will see screens and a mirror that use cameras and sensors to recommend women's cosmetics bearing the L'Oréal Paris brand name, which can then be purchased.

The project, called the L'Oréal Paris Intelligent Color Experience, is being described by the participants as an entry in the realm of interactive shopping outside of traditional stores. It is another example of a trend known as experiential marketing, which seeks to give brands more tangible form beyond retail shelves.

The goal is a ''real-life experience through technology,'' said Marc Speichert, chief marketing officer at the L'Oréal Americas unit of L'Oréal. ''If this experiment is successful, we might bring it to other places.''

''What's amazing with the technology is that we'll have the ability to measure the level of engagement,'' he added, based on ''the number of people who pass by, the number who interact with each screen, the number who leave their information.''

The project, with a budget estimated at $700,000 to $1 million, was developed by the R/GA Lab unit of R/GA in New York, part of the Interpublic Group of Companies; R/GA is the digital agency of record for the L'Oréal Paris brand. Also involved in the project are CBS Outdoor, which sells advertising space in the subway system, and the Metropolitan Transportation Authority.

''What we're trying to find out is whether there is an appetite for something between e-tailing and brick-and-mortar retail,'' said Paul Fleuranges, senior director for corporate and internal communications at the M.T.A.

''We hope to do some market research while this is up and running,'' he added, and based on the results, ''we may be willing to do other pilots.''

''We have a lot of retail space that is not currently under lease,'' Mr. Fleuranges said, adding: ''If we can find ways to generate revenue from those assets, that's a good thing for us. If we can add to the passenger experience, that's a good thing for us. If we can bring new technology into the system, that's a good thing for us.''

The L'Oréal Paris project will be in a vacant newsstand space in the station, Mr. Fleuranges said, on the mezzanine level above the No. 7 line. The installation, 7 feet tall by 14 feet wide, can be stocked with up to 700 items; plans call for 27 types of L'Oréal Paris mascara, eye shadow, lipstick and nail polish. The items will be priced at $5.99 to $9.99 each, and purchases will be made with credit cards.

A passer-by will see on the left side of the installation a full-length mirror. Digital animations will present her silhouette and the colors she is wearing, then ask whether she wants cosmetics to ''match'' or ''clash.''

In the center, she will see under the words ''Love the look? Make it yours'' product suggestions, among them Colour Riche eye shadow, Voluminous Butterfly mascara and Colour Riche nail polish. She can touch the screen to buy them, and the products emerge from underneath the screen. Or if "Not ready to buy?" as the screen asks, she can "email the look" to herself. The right side of the installation has a screen with photographs and posts from beauty bloggers.

"We looked at a lot of stations with the M.T.A., I would say 20," said John Jones, senior vice president and executive creative director at R/GA, before deciding on 42nd Street-Bryant Park, which offered benefits like "the right audience for L'Oréal Paris" and "the best visibility."

"There are some specific goals and a list of hypotheses" for the project, he added, principally "the connection between an engaging brand experience, a brand halo effect, and people buying products."

Erin Lynch, group executive creative director at R/GA, said she believed the "element of participation" would "help women unlock their unique beauty potential, which goes back to 'L'Oréal Paris, because I'm worth it.'"

Ms. Lynch said she was pleased that subway riders will use the station to reach major seasonal attractions: the annual holiday shops and skating rink at Bryant Park, scheduled to return on Friday.

"We're creating this underground experience when a lot of experiential is going on above ground," she added. (Underlining that is a sponsored name, the Bank of America Winter Village at Bryant Park.)

"We were setting up all weekend," Ms. Lynch said of the project, "and people would do a double take, exactly what we wanted to happen as we're bringing this color, this engaging technology, to an unexpected place."

During the setup, Ms. Lynch said, she tried it out, and as a result would be "wearing matching nail polish" at a media preview scheduled for Wednesday.

Mr. Fleuranges said he remembered the original subway vending machines, particularly those "on the inside of columns facing the platform." The gum machines, which usually had mirrors, "probably went away in the '70s," he added.

Those with long memories may recall penny gums sold in the subway, mainly American Chicle brands like Chiclets (two pellets in a tiny box) and Adams California Fruit Gum.

L'Oréal Paris is testing out-of-store retailing in the 42nd Street-Bryant Park subway station.

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The New York Times

BITS
Business/Financial Desk; SECTB

**Smartphone Leaders, Samsung and Apple, Settle In at Top**

By ERIC PFANNER
721 words
30 October 2013
The New York Times
NYTF
Late Edition - Final
2
English


TOKYO -- The two biggest smartphone rivals, Samsung Electronics and Apple, can each find reasons to cheer about industry sales numbers reported this week.

Samsung recorded its highest share of smartphone shipments to date in the third quarter, when it accounted for 35 percent of the total worldwide, according to Strategy Analytics, a research firm. Samsung shipped 88.4 million smartphones in the three-month period, up from 56.9 million a year earlier, the firm said.

Apple showed more modest gains, with its global shipments growing to 33.8 million from 26.9 million a year earlier. Its market share fell, to 13.4 percent from 15.6 percent last year, while several Chinese brands made advances. Huawei pushed into third place worldwide, with 12.7 million smartphones shipped, up from 7.6 million in the third quarter of 2012.

But Apple regained momentum in the last days of the quarter, when it began selling its new iPhone 5S and iPhone 5C in a number of countries.

One of those was Japan. Apple experienced a remarkable surge in sales here, thanks in part to a new agreement with the biggest mobile phone operator, NTT Docomo, which began carrying iPhones for the first time.

A report from a different research firm, Counterpoint, showed that Apple increased its share of mobile phone sales in Japan to 34 percent in September from 14 percent in August, even though the phones were released only on Sept. 20. Apple has long been strong in Japan, but the September performance marked Apple's highest monthly share of the overall cellphone market, Counterpoint said.

''Apple mainly benefited from expanding its channels to Japan's No. 1 mobile operator, NTT Docomo, and thus instantly gaining access to a base of more than 60 million mobile subscribers,'' Neil Shah, an analyst at Counterpoint, wrote in a statement.

The report showed that the Docomo deal has put additional pressure on Japanese smartphone makers, which were already struggling to compete at home and abroad. One of those, Fujitsu, saw its share of the Japanese handset market fall to 10.6 percent in September from 19 percent in August. Another, Sharp, also showed a big decline, to 13.6 percent from 17 percent.

Samsung, with about 6 percent of cellphone sales in Japan in September, has never been a big player in Japan. But the company's strategy of offering a range of handsets across a broad spectrum of prices appeared to be paying off elsewhere.

Strategy Analytics said the growth in Samsung's shipments in the third quarter was driven by strong sales of the new Galaxy Note 3, a premium-price ''phablet'' -- a cross between a phone and a tablet -- as well as the Galaxy Y, a low-priced handset that is popular in India and other developing markets. This offset the effect of sluggish sales of the company's flagship smartphone, the Galaxy S4.

Apple's global growth in smartphone shipments lagged the industry average in the third quarter, but Strategy Analytics said things were looking up for the American company.

''We expect Apple to rebound sharply and regain share in the upcoming fourth quarter of 2013 due to high demand for its new iPhone 5S model,'' Neil Mawston, an analyst at Strategy Analytics, said in a statement.

Yet another report, from International Data Corporation, showed strong gains in smartphone shipments, posting a 39 percent gain in the third quarter from a year earlier and a 9 percent increase from the second quarter.

IDC cited the popularity of the Android mobile operating system, used by most Samsung smartphones and many others, as the driving force behind the strong growth. But the broad appeal of Android has also created challenges because many phones have come to resemble each other. As a result, a handful of companies, including Huawei, LG Electronics, Lenovo and ZTE, are scrambling for third place, behind Samsung and Apple, changing rankings from quarter to quarter.

''Beyond Samsung and Apple at the top of the rankings is a tight race of vendors trying to break out from the pack,'' said Ramon Llamas, a researcher at IDC.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

Business/Financial Desk; SECT
**Slow Recovery From Recall Hurts Danone Shares**

By REUTERS
440 words
17 October 2013
The New York Times
NYTF
The International New York Times
English


PARIS -- The French food company Danone said it was taking longer than expected to recover from an Asian recall of high-margin infant formula and that it was cutting its sales, profitability and free cash flow goals for 2013.

Danone, the world's largest yogurt maker, said Wednesday that the recall hit its baby food division more than anticipated in the third quarter and that sales in affected markets would not recover before early next year as inventories were still high.

Danone said third-quarter group sales rose 4.2 percent on a like-for-like basis to €5.26 billion, or $7.12 billion, a slowdown from 6.5 percent growth in the second quarter. This was below the average estimate of 4.8 percent in a Reuters poll of six analysts and in the company-compiled consensus of analysts.

Danone shares were down 4 percent in late trading Wednesday. The stock had fallen as low as €50.30 during the day, its lowest in nearly eight months. It ended the day at €51.18.

''Assuming the business is not partially or irreparably damaged by the scandal, which is still to be decided, it should rebound in 2014-2015,'' said Andrew Wood, an analyst at Bernstein.

China is an important market for Danone's baby food division, which accounts for 20 percent of group sales, making it the No. 2 contributor after dairy. But Danone has faced a variety of problems there this year.

In July it was hit by a fine and had to cut prices in China after a milk-powder price-fixing investigation. Then in August it had to recall infant formula products in Asia because of an unfounded health scare tied to the milk products supplier Fonterra, based in New Zealand.

Most recently, two of its units -- Dumex in baby food and Nutricia in medical nutrition -- have faced bribery allegations in China, which the units are investigating.

Danone said that as a result of the Fonterra recall, its baby food sales fell 8.6 percent in the third quarter, compared with a 15.2 percent rise in the first half. Analysts' average forecast was for a 3 percent decline.

Danone said the Fonterra recall would cost it 350 million euros ($473 million) in lost 2013 sales, 280 million in lost margin and 300 million in lost cash.

''We are not yet seeing a recovery in our sales'' in the affected markets, where they are 40 percent of the level before the Fonterra recall, said Danone's chief financial officer, Pierre-Andre Terisse.

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The New York Times

CAMPAIGN SPOTLIGHT
Business/Financial Desk; SECTB

**Glad Promotes Its Plastic Ware as a Global Weapon Against Food Waste**

By STUART ELLIOTT
1,528 words
23 October 2013
The New York Times
NYTF
Late Edition - Final
6
English


A leading brand whose purpose is to help consumers keep food fresher longer is joining the fight against wasting food.

The brand is the Glad line of plastic bags, wraps and containers sold by the Glad Products Company, a division of the Clorox Company. In a campaign that begins this week, Glad Products is declaring: ''Glad is on a mission to fight food waste. Join us.''

The campaign, with a budget estimated at $10 million, keeps pitches like ''Protect and wrap the food you love to keep it fresher, longer'' while adding messages like ''Love food more. Waste it less'' and ''Wasted food is a total bummer.''

As the campaign gets under way in the United States, Glad Products is making plans to expand it in the next six months to countries that include Australia, China, New Zealand and South Africa.

The centerpiece of the campaign is an initiative online and in social media like Facebook, Instagram and Twitter, which will use the umbrella theme of ''#SAVEITSUNDAY'' -- inspired by weekly efforts on Twitter like ''#ThrowbackThursday'' as well as the Meatless Monday crusade that began in 2003.

The initiative is based on research showing that many Americans shop for food on Sundays and then plan and prepare meals for the coming week. In addition to social media, it will be promoted on a hub on the Glad Web site, as well as through events, public relations, bloggers, ads online, ads in stores and a contest. Print ads are to follow.

The campaign is being led by two agencies: Current, part of the Interpublic Group of Companies, and Resource. Other agencies working on the campaign include AKQA, part of WPP; ePrize; and TPN, part of the Omnicom Group. All the agencies worked with an internal team at Glad Products.

The campaign is an example of an increasingly popular trend on Madison Avenue that goes by terms like cause marketing, purpose marketing and pro-social marketing. The intent is to infuse brands with larger meanings related to social issues that concern consumers.

Glad Products is already involved with purpose marketing for its other major product line, trash bags, bringing out in 2011 a version of its Glad tall kitchen drawstring trash bag made with less plastic, which was promoted in a campaign that used phrases like ''strength with less plastic'' and ''stronger with less plastic waste.''

The section of the Glad Web site devoted to the trash bag products includes information about recycling, composting and reducing waste along with products like Glad large drawstring trash bags, which are made from 65 percent recycled plastic.

The Web site section about Glad trash bags also includes a commercial that asks consumers to use ''one less trash bag each month'' to help cut down on plastic waste and tips on how to reduce garbage at events like tailgate parties to a single bag of trash.

The purpose-marketing campaign for the Glad food-related products is part of a larger effort by Glad Products to elevate them from their humble roots in the realm of leftovers and brown-bag lunches. That effort started last week with a gauzy, feel-good commercial that likens measures to protect food to measures to protect people.

Vignettes of cut-up vegetables being placed in a Glad bag and a bowl of food being covered with Glad wrap are interspersed with vignettes of mothers making sure their children have seat belts and safety helmets, bundling them up to go outside and tying their shoes. There is even a glimpse of putting a family dog on a leash for a walk.

The spot, in 30-second and 60-second versions, ends with these words on screen: "From one protector to another, we salute you. We're passionate about protection, too. Protecting food so it stays fresher longer."

The goal is "trying to refine the way consumers feel about the Glad products," says Mara McCune, global marketing manager for Glad food protection at Glad Products in Oakland, Calif.

The campaign expresses the thought that products bought "to protect your food, keep good food longer, ultimately fight food waste," she adds.

The campaign "taps into the desire" of consumers to do better in planning food usage to eliminate or minimize waste, Ms. McCune says.

"Everyone has good intentions," she adds, but "at the end of the week there's food waste, guilt over throwing food out."

Food waste "hits your wallet," Ms. McCune says, and also "hits on an emotional level" among consumers worried how "globally, food waste is an issue."

The beautiful part about the "#SAVEITSUNDAY" initiative is that it seeks to "become part of" behavior patterns that already exist among many consumers, she adds, by reminding them to "save your food on Sunday so it can last you through the week."

For those who do not already take part in that practice, Ms. McCune says, the campaign tries to convey that "consumers can make one small change in their behavior and make a big impact."

And "there is not a lot happening in the digital space on Sunday," she adds. (Clearly, she has never heard of a social media movement in Britain on that day, known on Twitter as #NakedSunday.)

The "#SAVEITSUNDAY" initiative is joining forces with the annual Food Network New York City Food and Wine Festival, to be held from Thursday through Sunday. The partnership will include demonstrations by a Food Network chef, Alexandra Guarnaschelli; she and 60 other chefs at the event are to wear aprons festooned with "#SAVEITSUNDAY" and use Glad products at their cooking stations.

There will also be a partnership with a nonprofit organization, the Environmental Media Association, that seeks to involve the entertainment and media industries in educating people about environmental issues. The partnership begins with the organization's 23rd annual Environmental Media Awards presentation on Saturday in Burbank, Calif.

The contest that is part of the campaign encourages consumers to take a pledge to participate in "#SAVEITSUNDAY"; those who do will be entered in the contest, which offers a chance to win a meal cooked at home by a personal chef.

Other elements will include video clips; a survey, called Fridge to Fork, about food waste; and user-generated content. There will also be tips on protecting 100 of the foods that are searched for the most on the Internet, which will also have a seasonal focus -- for instance, apples in the fall, leftovers after Thanksgiving, holiday cookies around Christmas.

Supporting the fight against wasting food is "a perfect opportunity for Glad," says Lisa Dini, executive vice president at Current in San Francisco, because the brand is always talking to consumers who love food and Glad products are already in so many of their homes.

The initiative is partly based on saving money by cutting down on food waste, she adds, and partly on the larger issue of how food waste is "a growing global challenge."

Glad Products is one of eight Clorox brands that have been Current clients for several years, along with products like Brita, Hidden Valley, Kingsford and Liquid-Plumr.

 

Resource started working with Clorox about a year ago, says Mark Hillman, executive creative director at Resource in Columbus, Ohio, mainly out of the agency's office in San Francisco. Resource has also worked with brands that include Adobe, Victoria's Secret, Kohl's and CVS; for the latter, the agency is involved in a new effort, called myWeekly Ad, that offers members of the CVS ExtraCare loyalty program tailored online versions of print sales circulars.

According to Mr. Hillman, he and others at Resource ''felt strongly'' about the potential benefits that Glad food products could achieve by ''moving away from storage and closer to the notion of protection,'' he says, ''not just kids and pets and family, but also food.''

''When your brand is named Glad and not Ziploc,'' he adds, referring to a rival brand sold by S.â€‰C. Johnson & Son, ''it allows you to have a more emotional position.''

The new ''From one protector to another'' commercial is ''an anthem around having this more emotional conversation,'' Mr. Hillman says.

The Kantar Media division of WPP reports that Glad Products spent $25.8 million on ads in major media in the first half of this year, compared with $21.6 million in the same period a year ago.

Of the money spent in the first half of 2013, $23.3 million went to advertise Glad ForceFlex trash bags and garbage bags, according to Kantar Media; the rest was categorized as having been spent to advertise Glad in general and not broken out by product line.

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If you like In Advertising, be sure to read the Advertising column that appears Monday through Friday in the Business Day section of The New York Times print edition and on nytimes.com.

This is a more complete version of the story than the one that appeared in print.

A scene from a TV commercial that equates mothers protecting children with safety helmets to Glad products protecting food.

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The New York Times

Business/Financial Desk; SECTB
**Google Stock Tops $1,000, Highlighting A Tech Divide**

By QUENTIN HARDY
937 words
19 October 2013
The New York Times
NYTF
Late Edition - Final
1
English


SAN FRANCISCO -- Google has done something few companies ever do in the stock market: it has joined the $1,000 club.

On Friday, Google's share price jumped above that price for the first time, another milestone in its remarkable ascent from $85 in its public offering in 2004.

On one level, $1,000 is just a number. But on another, it is a reminder of the new order that has taken hold in the technology world in just a few short years -- and how far apart the winners are from the losers.

Google closed up 14 percent on Friday, at $1,011.41, after a better-than-expected earnings release late Thursday. The jump brought its gain since its initial offering to roughly 1,100 percent. During the same period, the shares of Amazon.com rose 830 percent. Samsung, which makes smartphones as well as the chips that go into many other manufacturers' devices, rose 760 percent. And Apple leapt a staggering 3,300 percent.

By comparison, the overall Nasdaq composite rose 120 percent, while Microsoft -- 10 years ago the most feared giant in technology -- gained just 28 percent.

''Companies away from Google and Apple and a few others increasingly have trouble communicating a value proposition'' to shareholders, said Martin Reynolds, an analyst with Gartner. ''Only a few big companies are starting to matter.''

These new leaders have focused on Web-based businesses. While the big money in technology used to be in selling to businesses, today's leaders are oriented toward consumers.

Friday's gain made Google, already one of the world's most valuable companies, one of the few in which buying a single share costs more than $1,000. Others include Priceline.com, the online-travel company, and Seaboard, which processes turkeys and hogs.

In some ways, Google's investors are betting that quantity can beat quality. Google's challenge has been lower prices for the ads it puts on its own and others' Web pages. Much of the traditional market for these ads has been saturated, and Google has been trying to put more ads on mobile devices like smartphones and tablets. Mobile ads tend to make less money because people click on them less often.

But Google executives have emphasized the enormous number of mobile devices on which it now places ads, and indicated that the sheer number of mobile outlets was set to keep growing.

Much of the growth in mobile was initially in the developed world, where ad prices are generally higher. As the use of smartphones and tablets spreads into developing economies, the revenue per user is likely to drop, affecting overall profits unless Google can grow even faster in these markets. For the third consecutive quarter, 55 percent of Google's revenue came from overseas sources.

Google also appeared to be moving more money through overseas accounts and holding more money overseas, a strategy Apple and others have used to avoid corporate taxes in the United States.

Both Republicans and Democrats in Washington have criticized Apple for its offshore tax strategies. So far, however, the trend among companies seems to be increasing.

''The U.S. corporate tax rate is supposed to be 35 percent, and Google was paying an effective rate of about 15 percent,'' said Colin Gillis, an analyst with BGC Financial. ''It wasn't like there was a massive reacceleration of Google's business here.''

Google finished the quarter with $56 billion in cash, held in the United States and overseas. Even the companies trying to compete with Google are starting to draw off their overseas cash, buying foreign companies. These deals include Microsoft's purchase of the phone assets of Finland's Nokia for $7.2 billion, and Cisco's purchase of NDS, a video services company based in Britain, for $5 billion in 2012.

Even eBay's recent Bill Me Later feature is backstopped with its overseas cash, Mr. Gillis said. ''If I was starting a tech company, I'd put it in Luxembourg so I could get bought with a U.S. company's offshore cash,'' he said.

Google's United States business grew just under 13 percent over the quarter, a low number that analysts ascribe to a maturing business. Google is trying to increase the profitability of its ads by making them more personal, doing things like looking at where people are or what their previous habits have been.

On Friday, Google announced a new partnership with a rival, Facebook, in which it will begin selling ads that can appear on the desktop version of Facebook's service. It also announced changes to location-based searches in international markets. While this yields more profitable ads for Google, since people are generally more likely to click on things targeted at them, it also can run afoul of privacy advocates and regulators.

Over all, Google's quarterly numbers showed that its audience was spending more time on mobile devices. The traditional business of people clicking ads on desktop and laptop computers was flat last quarter, according to Search Agency, a digital marketing firm. Clicks on phones more than doubled, the research company said, while tablet clicks were up 63 percent.

Another bright spot in Google's earnings, though a relatively small one, was Google's ''other'' category, believed to consist mostly of sales to businesses of Google Apps, Google's alternative to Microsoft's office communications and productivity software. This revenue was $1.23 billion, an increase of 85 percent from the third quarter of 2012.

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The New York Times

Metropolitan Desk; SECTA
**Transit Agency Expands Real-Time Bus Information to Manhattan**

By MATT FLEGENHEIMER
818 words
8 October 2013
The New York Times
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20
English


New York City's traffic can appear to be an ungovernable force -- understood, perhaps, but never fully tamed.

It can coax profanity from even the kindliest driver. It prompted President Obama to apologize to the president of Iran last month for any gridlock encountered during the United Nations General Assembly.

But now, the Metropolitan Transportation Authority is trying, cautiously, to introduce a bit of order to traffic patterns along the city's busiest corridors. Beginning on Monday, the authority said, riders on Manhattan bus routes were able to receive real-time location information, using smartphones or a text-message system.

''Meet your bus. Don't wait for it,'' Thomas F. Prendergast, the authority's chairman, advised passengers in a statement, in what seems to be the scheme's tagline. Though the service already exists for routes in the Bronx and on Staten Island, and there are plans to expand it to Brooklyn and Queens by next year, translating Manhattan congestion into prognostication would seem an impossible task.

The authority has avoided precise predictions by supplying only bus locations, not projected arrival times. During a past pilot program for Manhattan routes, the authority included time estimates at bus shelters, mirroring countdown clocks at some subway stations. That approach has been abandoned on buses, at least for now.

''It's very difficult to predict, especially in traffic, when something will arrive,'' said Tony Laidig, the lead engineer of the project, known as M.T.A. Bus Time. ''In Manhattan, if you miss one stop light, you're progressively delayed.''

Hector Rivera, who has driven buses in the city for more than 25 years, was less diplomatic. There is ''no defense'' for Manhattan traffic, he said, ''just luck.''

Mr. Laidig said the authority's team had made occasional system tweaks before expanding to Manhattan. But the greater impediments in the borough were vertical. While agencies in other cities, like Boston and Washington, already feature real-time bus information, Mr. Laidig said that the number of tall buildings in Manhattan initially posed a complication for the GPS devices that relay bus locations.

''GPS requires a pretty clear view of the sky,'' he said, adding that the technology had recently improved to the point that a GPS-based operation in Manhattan could be effective.

Riders can now find live maps of routes on the authority's Web site, using a smartphone or desktop computer. Certain smartphones allow travelers to find the information by scanning a code posted at a bus stop.

Passengers can also send text messages, naming an intersection or street address, and receive responses listing local bus routes. Once a route is selected from the list, a rider can locate the nearest buses and stops.

Distances are measured in miles unless a bus is less than a half-mile away, in which case it is measured in remaining stops. Mr. Rivera said the maps could prove useful to drivers in private cars as well, allowing them to see -- and avoid -- areas where buses were bunched.

Nearly 3,000 buses in Manhattan and the Bronx and on Staten Island now have the GPS hardware. The authority said the project cost about $7,200 per bus, plus $7 million in maintenance costs over six years.

In recent months, the authority has framed technology enhancements as a leading long-term priority, in part to appeal to the younger New Yorkers who make up a growing share of ridership. And at Columbus Circle on Monday, where the authority held a briefing on the plan, the increasing tech-friendliness of the city's transit network was clear. The subway station there now includes Wi-Fi and cellphone service. Cyclists could identify the number of available bikes at nearby bike-share stations using a smartphone app.

Among bus riders, though, skepticism was prevalent. Few residents interviewed on Monday planned to use the maps, which, some pointed out, would not change the fact that they were waiting for a bus.

''What's the difference?'' said Miro Maldenovic, 68, pacing at an M42 bus stop on West 42nd Street.

At the same stop, Johanna Burke, from Edgewater, N.J., was already late for an appointment when she viewed the real-time bus schedule for the first time. The M42, the page said, was ''approaching'' her stop, though it remained out of sight.

''Oh, it's approaching,'' she said, the final word drawn out so long that it seemed destined to join that vilified underground announcement -- ''We are delayed because of train traffic ahead of us'' -- in the pantheon of transit euphemisms.

Ms. Burke, wading into traffic for a better view, concluded that only an eye test could be trusted, no matter how close a bus might be according to a GPS tracker.

''Even if he's here,'' she said, ''he can't get here.''

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The New York Times

Style Desk; SECT
**'Shanghai Tang Mark Two' Gets Ready to Retail**

By DESIREE AU
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HONG KONG -- Sometimes having the right name can make all the difference.

The lifestyle entrepreneur Sir David Tang added his name to Shanghai Tang, the first Chinese international fashion and luxury company, which he founded in 1995. He also pinned it on the celebrity restaurant China Tang at the Dorchester, a hotel in London, which will open an outpost soon in Hong Kong. Both brands sell his vision of Chinese chic to the West.

But when it came to naming his latest venture, a lifestyle boutique, Sir David went wild.

Tang Tang Tang Tang, or TTTT, is a ''Shanghai Tang mark two,'' he explains. The opening is planned for late October.

And this time, he is looking toward the East -- or more precisely, toward China's younger generation of 25- to 35-year-olds.

''What is really exciting for me is finding the right customer,'' he said. ''And I am targeting the fastest-growing middle class in the world. This group of people will be the most prosperous and, as a considerable amount of them would've spent time in the West, they will be looking for a brand that represents their ideals -- and they don't need to go to Fendi or Armani.''

Sir David said the idea of naming the store TTTT came from the famous opening chords of Beethoven's Fifth Symphony. ''I wanted something memorable and half fun, and besides the 'Happy Birthday' song, the Fifth Symphony is perhaps the most recognizable tune in the world,'' he says.

The store is to stock about 170 items, a quarter of which will be TTTT-labeled fashion, with the rest made up of housewares, gadgets and small appliances, and accessories like tote bags and picture frames. Everything is being designed by a 12-member team, led by Sir David and his wife, Lucy.

''I am a good observer,'' he says. ''I go to China every two weeks just to see what people are buying.''

In the bustling area of Wan Chai, a 10-minute walk from Central, the central business district of Hong Kong, Sir David chose a 125-year-old building (that once housed a pawn shop) for his new 3,500-square-foot, or 325-square-meter, store. The buttercup-yellow Anglo-Chinese-style structure, built in 1888, also houses a well-known gastropub, The Pawn.

The TTTT sale space will be divided into a living room, complete with fireplace; a dining room; and a kitchen and bathroom, to showcase the items in a real-life setting.

''I want people to come in here and envisage these things in their own home; I am selling a dream,'' he says, then turns his attention to the workers laying a zigzag pattern of white and gray marble flooring and hanging some handmade, embroidered wallpaper inspired by Chinese scrolls.

Sir David has retained the high ceilings and the original arches of the street-level area, so when some decorative antique pieces are added, the store will have a stylishly retro feel.

The project has taken about 18 months and, he said, involved an initial investment of $6 million.

With his posh British accent and jet-setting lifestyle, Sir David himself is probably the best spokesman for TTTT. His office in Central is filled with photographs of himself with Kate Moss, the late Princess Diana and Fidel Castro.

The grandson of Tang Shiu-kin, one of Hong Kong's best-known philanthropists, Sir David attended King's College London and is a Hong Kong society stalwart, often photographed chomping on one of the Havana cigars he imports to Hong Kong and at times sporting traditional Chinese clothing.

One of his earlier ventures was the establishment of the China Club in the '90s, a decadent private members' club atop the former Bank of China building, which he decorated to resemble a manor in 1930s Shanghai and filled with contemporary Chinese art.

Sir David said his experiences with Shanghai Tang, which he sold to the luxury group Richemont in 1998, taught him a few lessons. ''I started Shanghai Tang as a fashion house but getting people to wear Chinese clothing is not always easy,'' he says.

So, for TTTT, the design philosophy will be more varied, involving what he calls a ''Chinese resonance'' rather than ''selling Chinese designs.''

''We will collaborate with those who can enhance the products, including leather goods handmade in England, glassware from the Czech Republic -- TTTT will be an intelligent and stylish brand anchored by a Chinese spirit,'' he continues. ''Our prices are reasonable; think of us as an answer to Britain's Conran Shop. We've got to be 'wow.'''

He already is planning a second outlet in London, potentially in Knightsbridge or Brompton Cross, where many Chinese visitors shop, but has no plans for New York, as ''that market's been tough for Shanghai Tang.''

By year five, he wants to open the first shop in China -- but he adds that he doesn't want to open until the renminbi is traded freely.

Fans of Sir David's ventures say it will be interesting to see the two ''Tang'' stores go head to head, although he insists they are not competitors.

But he does relish seeing the family name on stores and restaurants. ''Is it egoism? No,'' he says. ''Not if it makes sense.''

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Business/Financial Desk; SECTB
**BlackBerry's Future in Doubt, Keyboard Lovers Bemoan Their Own**

By IAN AUSTEN; Brian X. Chen contributed reporting from San Francisco.
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OTTAWA -- What is a BlackBerry user to do?

After teaching the world to type on tiny buttons, BlackBerry could soon be leaving the business of making phones -- leaving fewer options for a vocal minority still committed to phones with its once popular physical keyboard.

''It's not good, not good at all,'' said Gord Rosko, the president of GR Communications, a consulting firm in Edmonton, Alberta.

Mr. Rosko said he had used BlackBerrys for about nine years. ''What I call my fat Polish fingers have a hard time with touch-screen keyboards. So I'm going to keep using this thing until I can't anymore.''

The possibility that BlackBerry would exit the handset business was only reinforced on Friday, when the company announced disastrous financial results, including a quarterly loss of nearly $1 billion. BlackBerry had warned last week that the results would be bad, heightening expectations that it would put less focus on handsets.

In the last few years, most smartphone users have switched to touch-screen models, like the iPhone, with virtual keyboards that appear on a glass screen.

That has left few good alternatives for people like Mr. Rosko, especially beyond BlackBerry.

Charles Golvin, an analyst at Forrester who tracks the handset market, said most phones with buttons were inexpensive models aimed at teenagers. Most use slide-out keyboards, but those add extra weight and heft. He offered simple advice for people sticking to a physical keyboard.

''The way you now interact with phones is through touch screens. Get over it,'' he said. ''Maybe the message isn't just get over it; it's give touch screens a chance.''

Still, the chances that some company will try to pick up BlackBerry's single-digit market share are good. Ted Schadler, Forrester's vice president and principal analyst, said he expected some companies to experiment with keyboards.

''Then there's a big question mark of whether people will go for them,'' he said.

The experiments may actually come from the companies that overtook BlackBerry in smartphones.

Samsung Electronics, whose Android-based phones are a leader in smartphone sales, has already offered phones with physical keyboards. But more important, it is aggressively going after professionals, who were the first adopters of the BlackBerry and who appear to disproportionately remain its final users. This year it introduced Knox, a set of security features for Android aimed at government and corporate users.

Motorola Mobility, as it rebuilds itself under Google's ownership, might also re-enter the keyboard phone market, too. Before the Google takeover, some of its most popular Android phones included a slide-out keyboard.

Mr. Golvin said he was skeptical about any company trying to build a high-end smartphone with a physical keyboard. BlackBerry's method of combining a screen and keyboard significantly reduces screen size, he said.

The smaller screen often requires developers to tweak their apps to work on the different size, making some reluctant to make apps that work on the phones.

But more important, Mr. Golvin said, is that the overwhelming majority of smartphone users have spoken and found that the downsides of on-screen keyboards -- namely, more typos -- are outweighed by a variety of other advantages.

While there remains a chance that BlackBerry will continue to churn out handsets, the company's results on Friday underscored how big of a challenge that would be. Because the handset business requires a large sales volume to be profitable and to sustain development, many analysts expect BlackBerry to focus its remaining resources on software and services for corporations.

That strategy could change if the company is sold. The company's largest shareholder has made a tentative and conditional offer to buy the 90 percent of BlackBerry's stock it does not own. But many analysts expect BlackBerry to soon leave the business of making phones regardless of the owner.

The loss reported on Friday mainly reflected a $934 million write-down of a growing inventory of unwanted BlackBerry Z10 phones, the devices that the company had hoped would restore its fortunes, as well as $72 million in charges related largely to layoffs.

The $1.6 billion in revenue during the three-month period that ended Aug. 31 was well below the $3 billion analysts had expected and reflected a 49 percent drop from the first quarter,

Phone sales were just as bad during the period. While BlackBerry said that 5.9 million BlackBerry phones were sold to customers during the quarter, many were from inventory that had been shipped to wholesalers and carriers in an earlier quarter. During the last quarter, BlackBerry shipped just 3.7 million phones. And most of those phones, the company said, were older models that it plans to phase out.

Still, there are the devotees, like Jonathan M. Lindsey, a public affairs consultant in Phoenix.

''I am concerned that I'll have to change the way I do my work,'' he said. He said he had tested both an iPhone and an Android phone, and found that neither allowed him to type as quickly as a BlackBerry or manage his e-mail as effectively.

But Mr. Lindsey, who said that he was in his early 30s, said that after eight years, he was resigned to the fact that the physical keyboard may soon become a thing of his past.

''I'm not opposed to going through the process of adapting,'' he said.

Thorstein Heins, chief executive of BlackBerry, whose financial results included a quarterly loss of about $1 billion. (PHOTOGRAPH BY NATHAN DENETTE/CANADIAN PRESS, VIA ASSOCIATED PRESS)

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Arts and Leisure Desk; SECTAR
**New Consoles' Special Game: Waiting**

By CHRIS SUELLENTROP
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CORRECTION APPENDEDVideo game players are always excited to get their hands on new consoles, and in November, two new game machines are scheduled to be introduced: Microsoft's Xbox One and Sony's PlayStation 4. But while new consoles usually lead to better games, often that happens only in the long run. Some of the final games made for aging consoles have been better than the first games that were released for brand-new systems. Neither the PlayStation 3 in 2006 nor the Xbox 360 a year earlier went on sale with a single memorable initial title.

Xbox 360 gamers waited four months for their system's first great game, The Elder Scrolls IV: Oblivion, and an entire year for the next one, Gears of War. Likewise, a full 12 months went by before PlayStation 3 players were able to get their hands on that system's first noteworthy exclusive, Uncharted: Drake's Fortune. At the same time, two of the PlayStation 2's most highly regarded games, Bully and Okami, were released mere weeks before the release of the PlayStation 3.

While it's too early to say for sure, something similar looks as if it will happen in 2013. The PlayStation 4 and Xbox One each have a long list of launch titles, but the most interesting games that will be playable on the new consoles from Sony and Microsoft seem to be coming next year, including Titanfall from Respawn Entertainment and Project Spark from Microsoft Studios, both of which are Xbox exclusives on console; The Witness from Jonathan Blow's Number None, a console exclusive for the PlayStation 4; and Destiny from Bungie, which will be playable on both (and on Xbox 360 and PlayStation 3).

Who knows? There might be surprises among the first batch of games being released with the PlayStation 4 and the Xbox One. Maybe Ryse: Son of Rome, an initial Xbox One title, will end up as one of the year's best games. But Ryse's E3 demonstration didn't do much to auger that, instead promising to immerse players in antiquity by letting them repeatedly stab people in the neck. The developers of Dead Rising 3, another Xbox One exclusive, have talked about using the system's superior technology for the important work of improving the graphical fidelity of zombie blood and teeth. Sony's big-budget exclusives don't look any more enticing.

Many games will be released with versions for currently available consoles -- the Xbox 360, the PlayStation 3 and Nintendo's Wii U -- as well as for the new ones. The most exciting of these games is Ubisoft's Watch Dogs, coming Nov. 19 for PC, PS3, Xbox 360 and Wii U. (No release date has been announced for the PS4 and Xbox One.) An open-world game about information hackers in a near-future Chicago, Watch Dogs seems impossibly well-timed for the year of Edward Snowden.

Perhaps because two new consoles are coming out nearly simultaneously, the next few months seem to be the most unpredictable video-game autumn in memory. Can the gameplay in Watch Dogs possibly live up to its alluring premise? Will the military shooters Call of Duty: Ghosts and Battlefield 4 be hurt by a form of the blockbuster fatigue that afflicted moviegoers this summer? Will Assassin's Creed IV: Black Flag mount a comeback for that series after last year's divisive Assassin's Creed III?

And many of 2013's most-anticipated games won't be playable at all on the PlayStation 4 or the Xbox One. Rockstar's Grand Theft Auto V will be released on Sept. 17 and can be played only on an Xbox 360 or a PlayStation 3. Set in an immense virtual Los Angeles, the game features three criminal protagonists instead of the usual one, and players can switch freely among all three characters in the game's open world. Rockstar says the world that it has built for Grand Theft Auto V is bigger than the ones inside Grand Theft Auto: San Andreas, Grand Theft Auto IV and Red Dead Redemption combined. I played Grand Theft Auto V for about four hours at Rockstar's offices in SoHo last month, and it felt las if I only sampled the game's possibilities.

Likewise, Batman: Arkham Origins, the third title in an exceptional series of games about that comic book hero, comes out Oct. 25 for PCs, PlayStation 3s, Xbox 360s and Wii U's.

And Quantic Dream's Beyond: Two Souls is a PlayStation 3 exclusive that stars virtual renditions of Ellen Page and Willem Dafoe. It lands on Oct. 8. Quantic Dream's previous game, Heavy Rain, was a bold experiment in interactive storytelling, even if it didn't entirely succeed.

Super Mario 3D World is the season's most promising Nintendo game. For decades, Nintendo has often broken the rule of thumb that new consoles don't ship with their greatest games. New Nintendo systems have been packaged with games like Super Mario Bros., Mario 64 and Wii Sports, after all.

But the Wii U, Nintendo's newest console, went on sale last year and it is still waiting for its system-selling game. Super Mario 3D World, slated for Nov. 22, gives Nintendo reason to hope. It is being designed by the people behind the extraordinary Super Mario Galaxy games. For the first time since 1987's Super Mario Bros. 2, players will be able to play as Princess Peach, rather than just saving her from a kidnapping. And now, the damsel can throw fireballs, too, just as Mario can.

There are also a number of intriguing games without scheduled release dates that might come out this fall but also might get pushed to 2014, including South Park: The Stick of Truth, a game for the PC, PlayStation 3 and Xbox 360 that has the close involvement of the TV show creators Matt Parker and Trey Stone; The Walking Dead: Season Two, the sequel to Telltale Games' acclaimed series of downloadable episodes inspired by Robert Kirkman's comic books; and Silent Enemy, a game about bullying from Minority Media, the independent studio that made Papo & Yo, my favorite game of 2012.

Correction: September 22, 2013, Sunday

This article has been revised to reflect the following correction: An article in the New Season issue on Sept. 8 about video games misstated how long ago the last Grand Theft Auto game was released. It was four years ago -- not five.

Top left, Watch Dogs, an open-world game about information hackers in a near-future Chicago, is coming Nov. 19 for PC, PS3, Xbox 360 and Wii U. Top right, Grand Theft Auto V, which will be released on Sept. 17 and can be played only on Xbox 360 or PlayStation 3. Above left, the Xbox One; above, the PlayStation 4. (PHOTOGRAPHS BY UBISOFT, VIA ASSOCIATED PRESS; ROCKSTAR GAMES; MICROSOFT; SONY COMPUTER ENTERTAINMENT)

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**A Huge Payday for Chief Who Is Leaving Nokia**

By MICHAEL J. DE LA MERCED
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It was Stephen Elop who, as Nokia's chief executive, deepened the Finnish telecommunications firm's ties to Microsoft by agreeing to bind itself to the Windows Phone operating system.

Now that Microsoft is buying full control of the Nokia cellphone business for $7.2 billion, Mr. Elop is set for a big payout.

Nokia disclosed on Thursday that its now-former chief is expected to collect about 18.8 million euros, or $25.5 million, as he prepares to leave the company and rejoin Microsoft.

As outlined in materials for a shareholder vote on the deal, the payment would be composed of 4.1 million euros in salary and management incentives, 100,000 euros in benefits and stock awards valued at about 14.6 million euros. About 70 percent of Mr. Elop's payment will be covered by Microsoft, with Nokia responsible for the remainder.

It is an expensive goodbye for the executive, who collected $6.2 million to go to Nokia from Microsoft in the first place.

In his three years at the Finnish company, Mr. Elop took the bold, though often criticized, move of committing to Microsoft's phone software as the companies struggled to gain traction in the smartphone sector. Nokia's handsets, which previously ran a variety of homegrown operating systems, have steadily lost ground to a wave of phones running Google's Android as well as Apple's iPhone.

During Nokia's negotiations with Microsoft this year, the Finnish company sidelined Mr. Elop and designated its chairman, Risto K. Siilasmaa, as its point person in the talks.

Under the terms of the handset transaction, Mr. Elop will leave Nokia and become the head of Microsoft's handset business once the deal closes. To avoid the appearance of conflicts of interest, he gave up the title of chief executive and became executive vice president for devices and services.

This is a more complete version of the story than the one that appeared in print.

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The New York Times

FASHION REVIEW
Style Desk; SECTE
**Body English**

By CATHY HORYN
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LONDON -- This week, Tom Ford opened his 89th store, in London, where his company has its headquarters. ''We're in Baku,'' he said, as he reeled off cities that, presumably, will carry his mirror-spangled dresses next spring. For its show, Burberry invited the impossibly cute Harry Styles of One Direction and the It girl Suki Waterhouse.

England is home to some world-conquering fashion brands that derive a lot of their success from retail expertise and so-called entry-point products like perfumes and sunglasses. As it happens, both Mr. Ford and Christopher Bailey of Burberry made strong statements on their runways. In fact, Mr. Ford said he was really into an athletic-looking woman -- hence the exaggerated shoulders of his leather outfits, the tapered waists and the leggy skirts.

''I wasn't thinking about '80s supermodels,'' he said.

Poured into evening outfits that looked as if they were shot out of a can of black Silly String and then seemingly baked with a girdle of foil, his models definitely were more molten than glamorous. Mr. Ford's spring daywear, such as it was, consisted of buckled-tight brown or white leather jackets, cinched black pantsuits and a slinky leather mesh tank top with a black-and-white leather skirt in a bubble pattern. Those outfits echoed his days at Gucci.

But the evening clothes were in new territory, both in terms of style and technique. The ones paved with glittering fragments are a bit Elvis, or Rihanna, but they dissolve conventional lines between dressing up and performance. That's not trivial when you consider how dull most red carpet fashion is. Mr. Ford said he got the idea for the mad squiggles and broken bits from the work of artists he admires, like José Parla and Mark Bradford. You'll have to take his word for it that getting into a cobweb is a cinch.

Mr. Bailey's collection was more accessible. For starters, he called it ''English Rose.'' Aside from the pink and custard tones, the clothes nicely combined tradition and modern styling; lace for pencil skirts was produced in Nottingham, England. He showed them with shirts or plain cashmere sweaters. And instead of reinventing the trench coat in a gazillion fabrics, as he has done before, he gave the audience a breather -- with soft, roomy coats in all those melting English colors.

Of course, many people count on London for more than a garden party. Yet this was a tough season for young designers who once had a novel idea, like the ecstatic prints of Mary Katrantzou, and now seem to be toiling in the same path. Ms. Katrantzou created prints from blown-up images of shoes, but her fussy shapes held her back. I kept wondering why she didn't try softer things like pajama pants and tunics. Erdem was another label determined to make a shrine out of couture; too many veiled garments.

As I went around London, to places and streets filled with ordinary people, I had the sense, more than ever, that fashion here was taking place in vacuum. Do they care about Christopher Kane's naïve drapes and twisted flower dresses? Or J. W. Anderson's broken-down skirts or dresses with panels arrayed with rows of what resembled tiny takeout boxes in fabric -- what he called ''avant-bland''? If the public doesn't appear to be even remotely listening, whom are we talking to?

I actually blame the young stars. They are not being as innovative as they need to be. It's that simple. You can fool the fashion press with a gimmick or a cool bit of styling, but you can't fool ordinary people. And the public always recognizes heart-stopping fashion, as it did for designers from Chanel to McQueen.

Mr. Kane had some lovely things: pleated skirts in delicate, slightly shimmery fabrics, a black pantsuit and some pastel dresses with petal-shaped cutouts rimmed in silver. But he spread himself too thin. He showed sweatshirts with feminine skirts, a style similar to ones he has done in the past. Last year, it was a Frankenstein T-shirt with a lace skirt. But since Riccardo Tisci of Givenchy made a big statement for fall with the same sweatshirt look, maybe Mr. Kane should have moved on.

When I look back over his last four or five collections, there's a clear, evolving body of design. This time, I saw too many tricks, like dresses with cord-suspended draping. He showed some shifts crowded with abstract flower appliqués and lace arrows. He has worked with lace and appliqué before. But again, is he advancing the idea or merely amplifying it? In May, Raf Simons created a Dior resort collection with floral embroidered lace.

Mr. Anderson owes a clear debt to the Japanese designers of the '80s. And it's O.K. to be inspired by them -- who hasn't been? -- but he runs the risk of serving up avant-garde lite. Also, based on things I see of his in stores, he is quite a clever designer, so I don't understand the need for all the runway craftiness, unless it's just to get media attention.

Thomas Tait, by contrast, did a lot with a little. He used white leather, superfine knits, some feathers and athletic nylon, and created an elegant, thoroughly unpretentious collection. Though the fabrics are mostly practical, they're beautifully cut. He, too, likes a skirt and a top, maybe with a lightweight coat, but he bends the look to his aesthetic. It's not a '50s pencil skirt; it's loose, almost runny. If I saw a woman in these clothes, I'd be curious.

Also worth paying attention to next spring is Simone Rocha for her pretty, full-skirted dresses traced with pearls; Jonathan Saunders for a broader use of sporty separates, like boyish, tricolor suede jackets and satin shorts; and Paula Gerbase of the minimalist label 1205, who has an implacable eye for proportion. The Meadham Kirchhoff designers get a little kitschy with their Europa fairy tale, but they make gingham and white eyelet skirts look tempting. Their jackets are handsome, too.

Rounding out the shows was L'Wren Scott's use of Tagasode (''Whose sleeves?''), 16th-century Japanese screens depicting garments draped on stands, as if waiting for their occupant to return. Well, there's a sorcery quality in her femininity, too, and she brings it out with vivid reds, fan-patterned black lace and a crisp silhouette for daytime tweeds and cotton.

At the London shows, from left: Thomas Tait top and trousers in athletic nylon, ringed with feathers; Burberry slim skirt and blouse in soft pastel lace; Christopher Kane sheer silk dress with flower appliqué; J.W. Anderson candy-colored sequined skirt, worn with flat sandals. (E1); From left: L'Wren Scott crisp day look with a jolt of embroidery at the neckline; Tom Ford mirror-embroidered dress with thigh-high boots; Simone Rocha flare dress with pearl-edged slashes, and pearl-beaded stockings. (PHOTOGRAPHS BY JONATHAN PLAYER FOR THE NEW YORK TIMES; CHARLOTTE PLAYER FOR THE NEW YORK TIMES) (E12); From left: Meadham Kirchhoff pinafore dress with a gingham top; Jonathan Saunders cropped patchwork suede jacket over a sheer organza blouse and flowered satin shorts. (PHOTOGRAPH BY NOWFASHION) (E13)

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Movies, Performing Arts/Weekend Desk; SECTC
**Beatles' BBC Recordings: Finally, Another Set**

By ALLAN KOZINN
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When Capitol Records released ''The Beatles Live at the BBC'' to great fanfare in 1994, Beatles collectors lamented that the two-disc set barely scratched the surface of the vast trove of recordings the band made for the BBC between March 1962 and June 1965. Many of those radio recordings were already on a 10-disc bootleg set, after all, and in the 19 years since then, bootleggers have come up with another three discs' worth of material.

But Capitol and Apple, the Beatles' own label, are determined to catch up. ''On Air -- Live at the BBC Volume 2,'' another two discs, will be released Nov. 11. It will include 63 tracks, including 40 songs and 23 spoken segments, with interviews, introductions and studio banter. A remastered version of the 1994 set will be released at the same time.

The new set redresses some of the complaints about the original. It had seemed odd, for example, that the Beatles' radio performances of some of their biggest hits, including ''Please Please Me,'' ''She Loves You'' and ''I Want to Hold Your Hand,'' were left off the first set. All three are included here, as are ''This Boy,'' ''Words of Love'' and ''And I Love Her,'' which the earlier set also skipped.

The new set also includes several songs new to the Beatles official discography, including a rocked-up version of Stephen Foster's ''Beautiful Dreamer,'' Paul McCartney's energetic rendering of Little Richard's ''Lucille,'' and John Lennon's biting account of Chuck Berry's ''I'm Talking About You.'' Included, too, is the Beatles version of ''Happy Birthday,'' recorded to celebrate anniversary of Saturday Club, one of the shows they performed on.

Three of the tracks have been released previously, including a cover of a Carl Perkins track, ''Lend Me Your Comb,'' which appeared on the first volume of ''The Beatles Anthology.'' There is no crossover between the 1994 set and the new album, but several songs from the earlier collection -- including I Saw Her Standing There,'' ''I Got A Woman,'' ''Sure To Fall'' and ''Hippy Hippy Shake'' -- are heard here in different performances.

All told, the Beatles performed 88 songs on the BBC, most in multiple performances. Among them were 36 songs they never recorded at Abbey Road. Equally significant, though, is the way the BBC recordings were made. Essentially, they were live performances, sometimes with minimal vocal overdubbing. They represent the group's concert style, which had an edge that their polished studio productions sometimes lacked -- but although a few of the BBC recordings were made before live audiences, most were not, and are therefore free of the hysterical shrieking typically heard on even the most professionally recorded Beatles concert tapes.

Among the interviews are individual talks with each Beatle recorded for the Beeb's Pop Profile program in November 1965 and May 1966. The sets will have notes by Kevin Howlett, a former BBC producer whose 1996 book, ''The Beatles at the BBC -- The Radio Years 1962-70'' is being republished in a substantially expanded and reconfigured edition as ''The Beatles -- The BBC Archives 1962-1970,'' by Harper Design, in November.

This is a more complete version of the story than the one that appeared in print.



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