

IN BRIEF

From Herald News Services

RIM revenues more than double

SMART PHONES • Canadian tech titan Research In Motion continues to drive its ubiquitous BlackBerry into phenomenal sales growth, according to its most recent quarterly results released Wednesday.

Revenues for the fourth quarter of fiscal 2008 totalled \$1.88 billion US, up 102 per cent from the same quarter of last year, with profits of \$412.5 million, or 72 cents a share. RIM soundly beat analyst estimates, which forecast sales of \$1.85 billion and profits of about \$401 million, or 70 cents a share.

About 2.18 million new BlackBerry subscriber accounts were added in the quarter and the company says its subscriber base was more than 14 million. The subscriber growth is in line with analyst estimates.

"Heightened retail activities helped drive exceptional subscriber growth during the fourth quarter with net subscriber account additions growing more than 32 per cent over the previous quarter and well over two million net subscriber accounts added in a single quarter for the first time," said Jim Balsillie, RIM's co-chief executive.

Job cuts take toll on Manhattan real estate

APARTMENTS • Manhattan apartment sales plunged the most in 18 years in the first quarter as buyers faced the prospect of a recession and job cuts at Wall Street securities firms.

Sales fell 34 per cent from a year earlier and inventory rose 4.6 per cent to 6,194 units, New York-based real estate appraiser Miller Samuel Inc. and broker Prudential Douglas Elliman Real Estate said in a report Wednesday. The median price of a Manhattan co-operative apartment or condominium increased 13.2 per cent to a record \$945,000 US.

"If it continues along this pattern, we're in a period of transition to a weaker market," Miller Samuel president Jonathan Miller said. "You typically see a slowdown in sales activity precede a slowdown in pricing."

Google cuts 300 jobs at DoubleClick

INTERNET • Google Inc., the owner of the world's most popular search engine, is cutting jobs at DoubleClick Inc., the online advertising company it bought last month for \$3.24 billion US.

About 300 of DoubleClick's 1,200 U.S. employees were fired or placed in "transitional" roles, Mountain View, Calif.-based Google said Wednesday in an e-mailed statement. The acquisition was completed on March 11.

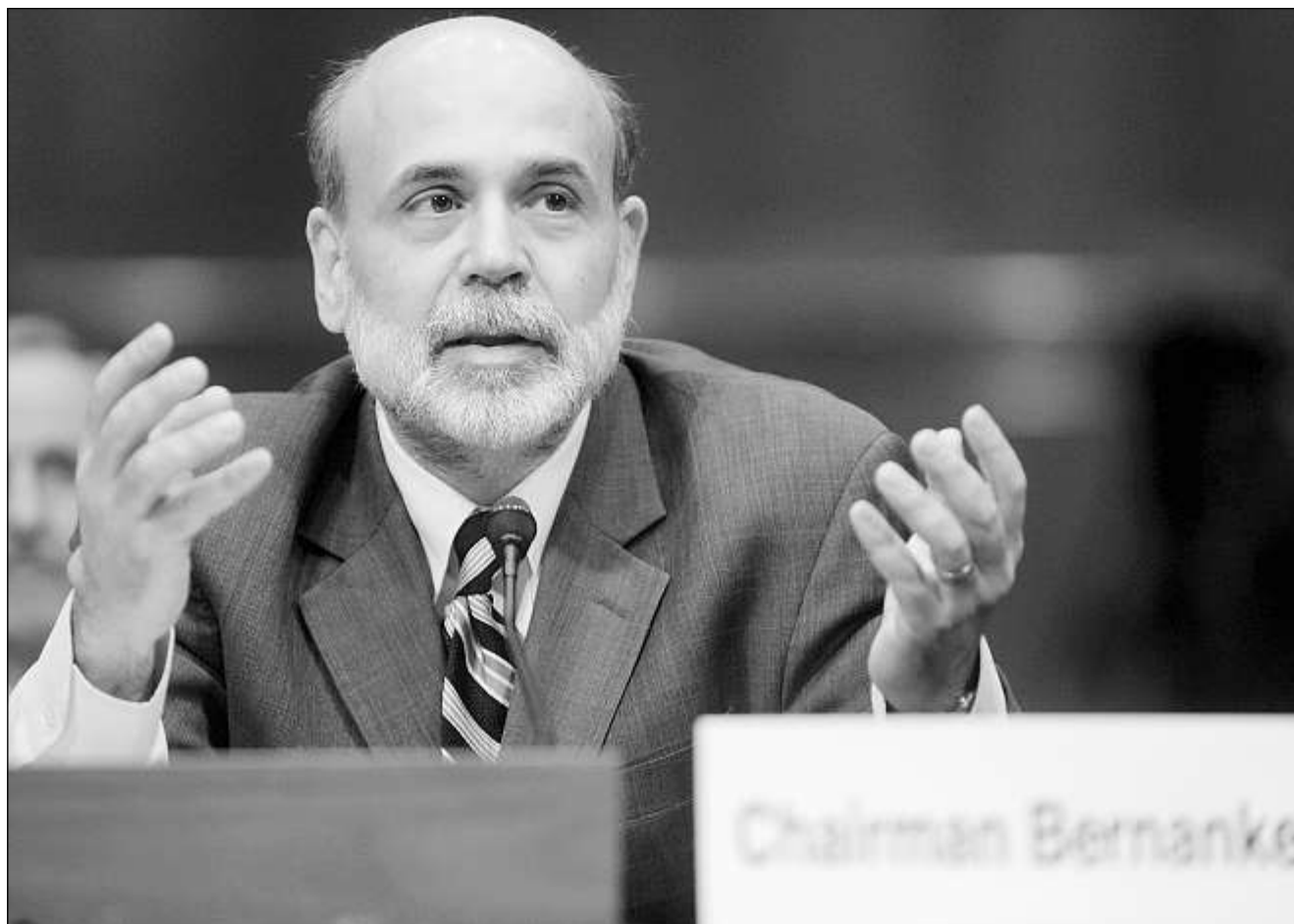
"We have been working to match and align DoubleClick employees in the U.S. with our organizational plan for the business," Google spokesman Brandon McCormick said.

Air France-KLM bid for Alitalia fails

AIRLINES • Air France-KLM's bid to take over Alitalia fell apart Wednesday as union negotiations broke down and the failing Italian flag carrier's chairman Maurizio Prato resigned.

"I recognize the breakdown of negotiations, which was not of our doing," Air France-KLM chairman Jean-Cyril Spinetta said in a statement. "It's a project that I deeply believed in and continue to believe in, because it would have allowed Alitalia to quickly return to profitable growth."

Barring a stunning new development, Alitalia will now have to embark on long and painful bankruptcy proceedings seen before with Switzerland's Swissair and Sabena of Belgium.



U.S. Federal Reserve chairman Ben Bernanke testifies before the Congressional Joint Economic Committee hearing on Wednesday in Washington. Bernanke predicted growth would pick up later in the year.

Tim Sloan, AFP/Getty Images

U.S. Fed chief warns of possible recession

Central bank defends rescue of Bear Stearns

REUTERS WASHINGTON

Federal Reserve chairman Ben Bernanke on Wednesday conceded for the first time the U.S. economy may slip into recession, but said growth should pick up later this year as interest rate cuts and other emergency steps take root.

Bernanke said in testimony before a congressional committee that the economy appeared to be growing, but warned it could shrink in the first half of 2008.

It was Bernanke's first appearance on Capitol Hill since the U.S. central bank helped rescue Bear Stearns in mid-March, an action he defended as averting a collapse of the fifth largest U.S. investment bank that would have

been calamitous.

"Recession is possible," Bernanke told the Joint Economic Committee. "Our estimates are that we are slightly growing at the moment, but we think that there's a chance that for the first half as a whole, there might be a slight contraction."

The Fed has lowered benchmark interest rates by three percentage points to 2.25 per cent since mid-September to help put a floor under an economy hit hard by a housing slump and credit market turmoil.

Bernanke said those rate cuts and other emergency measures to thaw frozen credit markets should promote growth over time — remarks traders in financial markets saw as a signal the Fed's sharp rate-cutting action may be drawing to an end.

Some analysts said the absence of a specific pledge by Bernanke to act as needed to help the economy, a standard feature of recent Fed statements, buttressed that view. "There is a conspicuous absence of policy commitment in this statement," said Jan Hatz-

ius, chief economist at Goldman Sachs.

Bernanke defended the Fed's role in providing emergency funding to prevent an abrupt bankruptcy at Bear Stearns which he said could have caused a "chaotic" market reaction.

The Fed, informed on March 13 that Bear Stearns was on the verge of collapse, decided to provide a \$30-billion US credit line backed by the firm's shaky assets to facilitate its purchase by JPMorgan Chase. The action raised questions about the central bank's willingness to shield investors from risks.

"Our financial system is extremely complex and interconnected, and Bear Stearns participated extensively in a range of critical markets," Bernanke said.

He said the Fed expects the economy to strengthen in the second half of the year, and for growth to proceed at or a little above its sustainable pace in 2009.

Housing markets should stabilize later this year and into 2009, he added.

Air Canada fee option covers delays

GINA TEEL CALGARY HERALD

Air Canada is looking to take the financial sting out of travel delays — for a fee — with a new service option that kicks in when the offending glitch is beyond the control of the airlines.

Called On My Way, the new service option offered by Canada's No. 1 airline means customers can opt to shell out \$25 each way for short-haul flights, and \$35 each way for long-haul flights, to safeguard against out-of-pocket expenses for food and hotels in the event plans go sideways.

Ben Smith, Air Canada's executive vice-president and chief commercial officer, said the airline isn't changing its existing policy that protects customers when flight delays, cancellations or disruptions are in the airline's control.

"We're going above and beyond that in scenarios where it's completely out

of our control — weather, air traffic — where we will now handle and protect the customer with a comprehensive package of benefits, if they choose this option," he said.

Aviation analyst Rick Erickson said the option will likely be a successful revenue stream for Air Canada.

"Canadians as a whole tend to be overinsured. In essence, all you're buying is an insurance policy," he said.

Customers who pay for the service receive dedicated phone access to specially trained Air Canada agents who will, in the event of a flight disruption at any time within 48 hours of scheduled departure, rebook the passenger on the first available flight on Air Canada, Jazz or another airline.

Air Canada will also arrange for and pony up for hotel accommodations, car rental or other ground transportation to and from the airport and the hotel, and appropriate meals.

Westjet Airlines Ltd. spokesman

Richard Bartrem said the Calgary-based carrier provides for its customers when things go awry, whether the travel interruption is in their control or beyond it — at no extra charge.

"It's part of what we consider to be our value proposition from a caring airline; this is something we do and we throw into the fare," he said.

Smith said Air Canada's new option is in response to marketplace demand that showed some travellers want that extra peace of mind.

"It's not for everybody, just like our other options, but from our testing, a lot of people think that's a great deal, and it could save them a couple hundred dollars in a nasty situation, like in the middle of winter," he said.

The new service option is available for all Air Canada and Jazz-operated flights within Canada and to and from the United States.

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REAL ESTATE

Housing slowdown felt across Alberta

MARIO TONEGUZZI CALGARY HERALD

Alberta's resale housing market is cooling in the same manner as Calgary's with sales dropping and new listings rising dramatically in February, according to the Canadian Real Estate Association.

The association's latest MLS data show unit sales for residential properties (single-family homes and condos) in the province decreased by 30.3 per cent compared with a year ago in February (6,602 to 4,601) while new listings increased by 44.9 per cent (from 7,800 to 11,302).

New listings were at the second-highest level ever for the province.

A number of factors are fuelling the phenomenon of soaring listings in Alberta, said Richard Corriveau, regional economist for Canada Mortgage and Housing Corp.

"Now that price growth has come to a grinding halt, speculators are looking to get out of the marketplace," he said.

"So people who had purchased in previous months are attempting to now get out of the market because there's no incentive to wait for future price gains in the near term. We're still forecasting increases into 2009, but currently prices have levelled off."

The average sale price of an Alberta home in February this year was \$359,953, up 4.8 per cent from February 2007's \$343,515.

Corriveau said CMHC is forecasting a 3.4 per cent growth in house prices for Alberta for this year, "and at this point we may be lucky to achieve that."

Following the record housing starts in 2006, said Corriveau, people are taking possession of homes and they are therefore selling their existing property to get into their new home. Also, some people are experiencing difficulty selling their existing home and they're hedging the risk of carrying two mortgages. As a result, some are listing their new home under construction as well, he added.

The drop in Alberta sales, said Corriveau, is due to a sharp decline in net migration and "a response from prospective buyers on the rapid price escalation from previous years."

Nationally in February, sales fell by 9.3 per cent compared with a year ago, from 39,997 to 36,281, while new listings increased by 11.8 per cent, from 64,580 to 72,215.

New listings are the second-highest level on record.

The national average sale price for a residential property in February was \$313,065, a hike of 6.2 per cent from February 2007's \$294,838.

This is the smallest year-over-year price increase nationally since November 2004.



Now that price growth has come to a grinding halt, speculators are looking to get out

RICHARD CORRIVEAU, CMHC

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