

Up Front

Edited by Deborah Stead

April 23, 2007

Talk Show

"He's made billions by coming in, buying low, cutting jobs, and throwing people out of work, then selling." — Canadian Auto Workers President Buzz Hargrove on his plan to fight billionaire investor Kirk Kerkorian's \$4.5 billion bid for Chrysler, as reported by the Associate Press.

ENERGY JITTERS

A Natural Gas OPEC? Not Likely

To those who recall the rise of the Organization of Petroleum Exporting Countries in the 1970s, the prospect of a cartel among natural gas exporters is worrisome. The recent two-day meeting in Doha, Qatar, of the world's biggest exporters raised some alarm among gas-importing nations. The concern is that these countries, which collectively control 42% of the export market and 73% of global gas reserves, could have Western nations under their thumb with an OPEC-style group.

But while the Apr. 9-10 meeting of the Gas Exporting Countries Forum—which includes Iran, Algeria, Russia, and Venezuela—produced jitters, the prospect of its leading to a powerful organization is unlikely, analysts say. One reason: Because the world has vast untapped natural gas reserves, the rise of such a cartel would sow the seeds of its own destruction, spurring innovation in extracting hard-to-reach reserves. Already, analysts point to "huge" finds in countries like Brunei and India. "An OPEC in natural gas could succeed brilliantly for a year or two, until high prices lead to efficiency gains and more discoveries," says Bernard Picchi, an analyst for Wall Street Access, which follows the industry.

The threat of higher gas prices could also push importers to develop other power sources, experts say. "There are alternatives," says Peter Beutel, president of Cameron Hanover, a New Canaan (Conn.) energy consulting firm. "Utilities can use coal or nuclear."

The idea of a natural gas cartel "scares the bejesus out of people," Picchi says. "But it's not realistic."

By Moira Herbst

EXEC COMP

Dollar-A-Year (Or Less) Men

As Google's (GOOG) 2007 proxy filing on Apr. 6 revealed, Chairman and CEO Eric Schmidt and founders Larry Page and Sergey Brin get salaries of just \$1 a year. The three are part of an exclusive fraternity of founders, scions of corporate dynasties, and holders of company shares whose stock ownership makes them millionaires so many times over they can live without a paycheck. (Some still get a hefty annual comp, mostly from stock or option gains.) Below, a list

from executive compensation research firm Equilar of CEOs in the Standard & Poor's 500-stock index in 2006 who were paid \$1 or less, according to the most recent proxy. The list doesn't include John Mackey of Whole Foods Market (WFMI), who voluntarily lowered his salary to \$1 starting Jan 1, 2007.

By Jena McGregor

CEO	Salary	Total Compensation*
Steven Jobs Apple	\$1	\$1
Richard Fairbank Capital One Financial	0	151,484
James Rogers Duke Energy	0	10,203,486
William Ford Jr.** Ford Motor	0	7,248,733
Eric Schmidt Google	1	557,466
Richard Kinder Kinder Morgan	1	1
Jerrold Perenchio Univision Communications	0	0

*Total compensation, calculated by Equilar, reflects amount CEO made in salary, bonus, cash-incentive-plan comp, vested stock awards, option gains, and "all other" compensation such as perquisites. **CEO until Sept. 1, 2006 (now chairman); replaced by Alan Mulally, who earned salary of \$666,667 in remainder of year, plus \$19.5 million in bonus and other comp. Data: Equilar Inc.

HEAD GAMES

Now, The Warm And Fuzzy MRI

Hospitals lose money when frightened patients require extra time for CT scans or MRI procedures. So electronics giant Philips is offering an "ambient experience" to calm children and nervous adults. At Advocate Lutheran General Hospital near Chicago, where the system was launched, kids pick from fantasy settings that include images of friendly space aliens projected around the scanning suite. Adults can opt for nature scenes.

The system has decreased by 28% the number of children age 4 and under who need sedation, says Dr. John Anastos, Advocate's radiology chairman. Sedation can stretch a 30-minute session to four hours, he says, and reduce daily per-machine use from four scans to one.

Five other U.S. hospitals now use Philips' product, which costs about \$125,000. With it, patients "balk less, and the hospital gets better bang for its buck," Anastos says.

By Aili McConnon

PRINT IT

Ink Jets That Go Lockets-Split

In February, Antonio Perez, a Hewlett-Packard (HPQ) alum and now chairman and CEO of Eastman Kodak (EK), challenged his old employer, announcing a printing system designed to

underprice HP's printers. Now, other former HP employees want to take on the printer king. This time the selling point is speed.

Led by former HP printer executive Bill McGlynn and other ex-HPers, Memjet Home & Office is selling technology that lets inkjet printers produce 60 pages a minute, many times faster than current rates. McGlynn says three companies have ordered the technology from his Eagle (Idaho) startup to use in home printers expected to retail under their brand names for about \$300 in early 2008. Glynn won't identify his customers but insists their brands are well-known. Ink for the printers is expected to sell at a fifth of the price of most cartridges.

Memjet's technology creates speed partly by using a print head the same width as the paper—so an entire line is printed at once.

HP is unimpressed. Glen Hopkins, the company's vice-president for R&D in inkjet printers, says Memjet may be achieving speed at the expense of quality and reliability. "There's nothing breakthrough here," he says. (On Apr. 11, HP unveiled an inkjet printer for business built on its Edgeline technology, which produces printing at speeds as fast as Memjet's.) But industry watchers are taking notice of Memjet. Printer makers will "ignore this dynamic upstart at their own peril," says Steve Hoffenberg of Lyra Research.

By Louise Lee

PLAYING VEGAS

Once And Future Spamalot

A medley of musicals have lost their shirts in Las Vegas, including Hairspray and We Will Rock You, which closed after a short run in 2005. The latest to press its luck: Monty Python's Spamalot, which opened on Apr. 1 in the same theater at the Wynn Las Vegas casino that briefly housed Avenue Q.

But Steve Wynn is placing his bet carefully. He expanded his theater's balcony so he can sell 1,500 tickets to each show instead of 1,200. And he has kept prices low by Vegas standards: Seats start at \$49 and top out at \$99. What's more, Wynn's deal with Spamalot bars the show—now touring the U.S.—from playing in Southern California or Arizona. (The two states provide more than a third of Sin City's visitors.)

Britain's Eric Idle, who wrote the lyrics and co-wrote the music to Spamalot, trimmed the Vegas version by 20 minutes, cutting the intermission. That lets Wynn run two shows some nights. It also gets guests out into the casino where they can shop, eat, or gamble. Idle says he has long had his eye on Vegas, despite Spamalot's lack of resemblance to the Cirque du Soleil shows that draw crowds there. "It isn't in French, and it doesn't involve acrobats," he says. "We're not a cirque, we're a flying circus."

By Christopher Palmeri

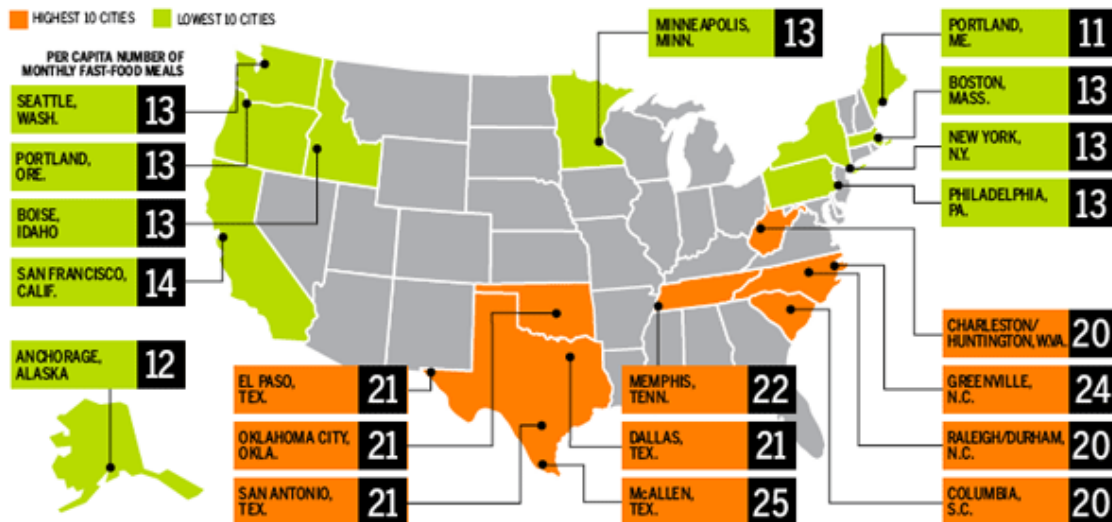
SOUTHERN COOKING

Where The Hamburger Joint Is A Way Of Life

They sure like Mickey D in Dixie. And Burger King ([BKC](#)) and Wendy's ([WEN](#)). A just-released survey by restaurant consultant Sandelman & Associates shows fast-food customers ate at a quick-serve place 25 times a month in McAllen, Tex., more than any of the other 60 metro markets polled, with burgers the popular order. In Portland, Me., fast-food eaters stopped in just 11 times a month. The national average: 17. Why are the top markets Southern? Sandelman President Jeffrey Davis says the Sunbelt and fast food grew up at the same time, making outlets

like McDonald's (MCD) part of the cultural fabric.

By Michael Arndt



Data: Sandelman & Associates poll of 70,000 people in 2006 about fast-food meals in previous month. 90% of Americans say they eat fast food.

LAWN ORDER

Now, That's Really A Turf War

It's a battle over the nation's yards and gardens. Lawn-care giant Scotts Miracle-Gro (SMG) is suing TerraCycle, an organic plant-food startup with a product line based on earthworms.

In TerraCycle's Trenton (N.J.) factory, night crawlers munch on organic waste, and their nutrient-rich droppings are blended into a solution sold in reused soda bottles. TerraCycle sales hit \$1.8 million last year, a 300% leap.

The green-and-yellow bottles, bedecked with images of vegetables and flowers and designed to allow spraying, are a problem, says Scotts, whose sales are at \$2.7 billion (including its competing Organic Choice line, which grew by 200%).

In March, the Marysville (Ohio) company sued TerraCycle in the U.S. District Court of New Jersey, claiming its packaging infringes on the "distinctive and famous trade dress" of Miracle-Gro. Scotts also characterizes as false TerraCycle's claim that its fertilizers are as good or better than "a leading synthetic plant food."

Scotts spokesperson Su Lock declined to comment on the case. TerraCycle denies the charges. At suedbyscotts.com, TerraCycle presents scores of photos of plant products packaged in the same colors it uses. And so far, it has refused to share the Rutgers University studies it says prove its wormy elixir makes for perkier plants.

By Adam Aston

TRENDSPOTTING

Sharp Ears

Yum! Brands' KFC will use high-frequency sound—not to repel the much publicized rodents that

recently plagued one of its New York outlets, but to appeal to young people. The company is deploying the Mosquito Ringtone popular with teen mobile users to sell its boneless chicken bucket. (The tone can't be heard by most over-30s.) The TV ads will emit the noise, with KFC giving free chicken buckets to the first 1,000 viewers who go online and say just when in the ad the tone played.

By Aili McConnon

Question Of The Week

What's the strangest or most outrageous tax deduction you've encountered as a tax preparer?

Lots of clients with expensive pets or big veterinarian bills ask if they can list their pets as dependents. And only some of them are kidding. — Mat Tecosky, Bush, Tecosky, Carroll, Goodman, Feldman, Huntingdon Valley, Pa.

A woman wanted to know if she could deduct the value of the excess skin she had removed after losing 200 pounds. She'd donated that excess to a skin bank. — James Weikart, Metis Weikart Tax Associates, New York

Someone tried to deduct his house, which he'd given away to his local fire department to burn up in a training exercise. He couldn't—because the value of his property went up once the house was gone. — Steve Bennett, *President and CEO, Intuit, maker of TurboTax*