

BUSINESS

TSX -15.91 13,139.64	DOW +13.62 12,461.14	NASDAQ -4.18 2,451.74	DOLLAR -0.20¢ 86.34¢ US	OIL +\$3.28 US \$60.90 US	GOLD +\$4.40 US \$663.40 US
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Palm profits drop amid buyout talk

Communications company tumbles 61% in third quarter despite record Treo sales

SAN JOSE, CALIF.

Palm Inc. reported a 61 per cent drop in its third-quarter profits yesterday as speculation of a buyout continued to swirl.

Sales of the company's Treo smart phones reached record levels, but increased costs, \$5.7 million in stock-based compensation, and \$3.7 million in acquisition-related charges hurt

Palm's bottom line.

For the three months ended March 2, the Sunnyvale-based company said it earned \$11.8 million, or 11 cents per share, on revenue of \$410.5 million. In the year-ago period, Palm earned \$29.9 million, or 26 cents per share, on sales of \$388.5 million.

Excluding stock-based compensation and other one-time items, Palm said it would have earned \$16.5 million,

or 16 cents per share, compared with \$19.8 million, or 19 cents per share, in the year-ago period. On that basis, analysts, on average, were expecting earnings of 12 cents per share on sales of \$403.6 million, according to a poll by Thomson Financial.

Palm said in December it expected earnings of eight cents to 10 cents per share, or adjusted earnings of 11 cents to 13 cents per share, on sales of \$400 million to \$410 million.

Palm, whose profits quintupled to \$336 million in fiscal 2006, saw its income and revenue take a sharp drop last fall as it faced some execution

problems and an onslaught of new competition from deep-pocketed rivals.

But Treo sales jumped 23 per cent to a record high of \$354 million in the fiscal third quarter, the company said.

"The record sales . . . is evidence that users still care about the user experience and trust the Palm brand," chief executive Ed Colligan said during a conference call with analysts.

Rumours of a potential Palm sale rose in recent months as its competition stiffened and news surfaced about the company hiring Morgan Stanley to explore its strategic options.

Colligan refused to discuss the rumours during yesterday's call.

As analysts downplayed the possibility of an immediate buyout, particularly from Motorola Inc., shares of Palm fell \$1.71, nearly nine per cent, to close at \$17.74 on the Nasdaq Stock Market.

Meanwhile, the company also said yesterday that a judge had granted a stay in a patent infringement lawsuit filed against it in November by NTP.

In March 2006, Waterloo-based Research In Motion paid \$612.5 million to settle a similar lawsuit with NTP.

• Associated Press

THE BEST OF BUSINESS

Chamber's annual Bell Business Awards honour Cambridge leaders

RECORD STAFF

CAMBRIDGE

It started as a one-man operation 28 years ago in a small 2,500-square-foot facility making industrial gloves for workers.

Today, McCordick Glove and Safety Inc. outfits workers from head-to-toe with safety equipment and employs more than 100 people at offices in Cambridge and four other branch offices across Canada.

Last night, owner John Huck accepted the Business of the Year Award for companies with more than 50 employees at the annual Cambridge Chamber of Commerce Bell Business Awards.

McCordick now occupies a 45,000-square-foot facility on Jamieson Parkway and has more than 10,000 customers, including Toyota, Maple Leaf Foods, Home Depot and Home Hardware. None exceeded for more than five per cent of total sales.

The company also has a strong philanthropic tradition. While on business in India, Huck made a donation to Mother Teresa's orphanage. A picture of Huck and Mother Teresa is displayed in his office.

Chamber president Greg Durocher said McCordick is one of the unsung heroes of the city's economy.

"They're a quiet, unassuming company. They're not one of the big-name employers, just a stable, good employer," he said in an interview.

Durocher also singled out veteran Cambridge politician Jane Brewer



McCordick Glove and Safety president John Huck (left) accepted the Business of the Year award from the Cambridge Chamber of Commerce last night. He is seen here with his son David Huck, the company's executive vice-president.

PHILIP WALKER, RECORD FILE PHOTO

for recognition.

The former mayor and current regional councillor was given the Lifetime Achievement Award.

"She has really served our community and our entire region with diligence, compassion and commitment."

A new honour this year is the Breakthrough Award, given to an individual, group, organization or business that accomplishes something that dramatically benefits the entire city.

The winner was Cambridge

Health Link, a community health clinic at Can Amara Parkway and Conestoga Boulevard that grew out of work by the chamber's physician recruitment task force.

"I'm very proud of what the community did to make that happen," Durocher said.

Other winners of awards, handed out at a dinner at the Armenian Centre, were:

- Chair's Award: Cambridge Self-Help Food Bank.
- Rotary Scholarship Award for Academic Excellence: Stefanie

Savoie of St. Benedict Catholic Secondary School.

- Business of the Year (under 50 employees): Bolt and Nut Supply.
- Personal Business Achievement Award: Peter Tudisco, owner of Buon Vino.
- New Venture of the Year Award: Quickcontractors.com.
- Keith Taylor Memorial Award: Walter Scott, president of McArthur Express.
- Wowcambridge.com Customer Service Award: Mike Gilroy of Boston Pizza.

Delphi execs win big bonuses

NEW YORK

A federal bankruptcy judge has approved a plan for Delphi Corp. to pay as much as \$37 million in bonuses to top executives.

Delphi lawyer John Butler said pay for managers of the insolvent auto parts maker is uncompetitively low.

Judge Robert Drain ruled that paying the bonuses is an exercise of sound business judgment, and they are necessary to the company's competitiveness.

Delphi, one of the world's biggest auto parts suppliers, is going through the largest manufacturing bankruptcy in history, according to Butler.

Four unions representing Delphi employees — the United Auto Workers, International Union of Electronic Workers-Communications Workers of America, United Steelworkers and International Brotherhood of Electrical Workers — objected to the performance-based bonus program.

Delphi's restructuring plan has eliminated tens of thousands of union jobs.

The executive bonus plan is open to 440 employees, and total payouts could range from \$20.1 million if targets are met to a maximum of \$37.4 million if they are exceeded.

Executive compensation was a key focus of the Bankruptcy Abuse Prevention and Consumer Protection Act which took effect just days after Delphi entered bankruptcy in October 2005.

That law, which does not apply to Troy, Mich.-based Delphi, prohibits employees of insolvent companies from getting retention bonuses unless they have secured a competing offer.

• Associated Press

Already at capacity, Accelerator Centre plans to grow

BY ROSE SIMONE

RECORD STAFF

WATERLOO

Only a year after it officially opened, the Accelerator Centre in the Waterloo Research and Technology Park is already planning an expansion.

The centre, already 98 per cent full with 17 startup high-tech companies in offices there, is now negotiating for an expansion for yet another "twin" building, said Tom Corr, the new chief executive for the Accelerator Centre, during yesterday's celebration of the past year's successes.

"We are negotiating to expand into another building with another 20,000 square feet. It hasn't been finalized yet, but it is in the works," Corr said.

"We are hopeful that within 12 months we could have a space that is twin of what we have here now, with yet another 15 to 20 companies," Corr added.

Dignitaries from the university, the business community and governments took part in the first anniversary celebration and praised the work of outgoing chief executive, Gerry Sullivan.

Sullivan said the rapid growth of the Accelerator Centre shows "there is

pent-up demand for this type of service and that people in the community are really prepared to come in and help."

Sullivan said he intends to continue being active on the centre's board, while also being an active shareholder of two companies — Energent and Privia Consulting Corp.

The Accelerator Centre provides not only space, but also business expertise and support for budding high-tech companies such as Suited Media, a web development company that took up residence there in November.

Steve Black, the 23-year-old chief executive of Suited Media, said the main product the company has under development right now is software that will greatly simplify and reduce the costs of web advertising campaigns.

But Black said to get off the ground, the company first needs to generate revenue. So it is also offering "traffic monetization" services to help advertisers turn the traffic on the Internet into money.

It also has another project on the go, called Pokerspace, a website that combines the fun of poker with the "social networking" concept found on web services such as Facebook or MySpace, he said.



Gerry Sullivan (left), the outgoing chief executive of the Accelerator Centre, Steve Black (centre), president of Suited Media Inc., and Tom Corr, the centre's new CEO, attend an open house yesterday at the technology centre in Waterloo.

RECORD STAFF

Black said he was a professional poker player prior to going back to the University of Waterloo, where he met three other partners who were involved in launching Suited Media.

They had great ideas, "but we were just four young guys working out of a basement," until arriving at the Accelerator Centre, Black said.

The young company has since

added staff and is growing.

It not only gets office space, business mentorship and legal advice, but the Accelerator Centre staff is "constantly pitching our company," he said.

"This whole building is filled with great talent and even better ideas and every day, we are learning new things," Black said.

"There is no better place for us to be than in this building."

Mark Romoff, chief executive of the Ontario Centres of Excellence, which also has space at the Accelerator Centre, announced yesterday his organization will invest about \$200,000 this year, with more investments in the next two years.

The money will provide mentoring and training opportunities for technology entrepreneurs.

John Wilkinson, parliamentary assistant for the Ontario Ministry of Research and Innovation, said this country's economy needs world class scientists and business leaders who come together and "speak a common language," to make opportunities happen.

"That's what happens every morning over coffee at the Accelerator Centre," he said.

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