

**From:** Ike Groff <[REDACTED]>  
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Good Morning ... European Markets up 25-65 bps ... Nikkei Closed -0.51% (HSI +0.08%, China +0.77%, KOSPI -0.60%)

EUR 1.3170 (+0.20%)    JPY 76.23 (-0.01%)    EUR/JPY cross 100.42 (+0.21%)    Copper +0.61%  
Nat Gas -1.64%    US 10yr 1.825%

Futures: Dow +23, Nasdaq +8, S&P +3    DXY \$78.85 (-13c)    Crude \$96.90 (+54c)    Gold \$1762.20 (+\$2.90)

Europe drifting higher and futures up small ahead of U.S. labor report in a few hours. Not much new to report on the Greece front going into the weekend again. Finance ministers from the AAA rated euro countries (Germany, Lux, Netherlands, Finland) meeting today in Berlin to discuss the current situation. China Economic Times article says China has "relatively wide room" cut RRR several times this year to ensure and appropriate increase in the money supply. SHCOMP closed +0.77% overnight to its best levels since early December. [REDACTED] futures +3 handles = 1325 last.

\*\*\*Jan Labor Report @ 8:30am (Estimates: NFP +140k, PP +160k)\*\*\*  
\*\*\*ISM Non-Manufacturing Index / Factory Orders @ 10am\*\*\*  
\*\*\*Nevada GOP primary tomorrow\*\*\*

- Wynn reports a mixed quarter (revenues look inline but EBITDA and RevPAR weaker) (trading -3.3%)
- Wynn Macau profit below ests (\$759.8M vs \$795.3M) on increasing Macau competition (closed -2.4%)
- LVMH meets estimates and revs solid (says it is well-equipped to maintain growth) (trading -0.59%)
- Christian Dior beats estimates (trading -1.2% after having big run into the numbers +20% ytd)
- Volvo EBIT a touch light driven by weak truck orders (slowing sales in Europe & China) (trading +1.3%)
- Acme Packet q4 missed own revs/eps revised range + lowered f12 eps guidance (trading -12%)
- Take-Two Q3 earnings fell sharply & forecast 2012 loss wider than ests due to 'Max Payne 3' delays
- THQ Inc Q3 missed including sales \$305.4M vs \$404.4M ests (to cut 240 jobs) (trading -25%)
- Microchip announced 85th consecutive quarter of profitability & declared 34.9c cash dividend
- Goldman Sachs plans to sell \$1B (owns \$6.2B) of ICBC shares (Hong Kong Economic Journal)
- Blackstone Group studying a leveraged buyout of Brocade Communications (Bloomberg<<http://www.bloomberg.com/news/2012-02-02/blackstone-said-to-study-brocade-leveraged-buyout-as-deal-interest-fades.html>>)
- Sunoco strategic initiatives: buyback up to 19.9% shrs w/in 18mos/ 33% div hike/

mgmt. changes

- BT Q3 EBITDA beats estimates & says will meet targets a year earlier than planned (trading +3.2%)
- Misys says it is in talks with Swiss software rival Temenos over possible merger (TEMN SW +8.4%)
- Spain gives banks an extra year to recognize losses if they agree to merge with other lenders
- China Jan Non-Manufacturing PMI falls to 52.9 vs 56 in Dec (lowest reading since 49.7 in Nov)
- Hutchison Whampoa agrees to buy Orange Austria in a deal valued at \$1.7B (deal closes mid-year)
- Warehouse Group (NZ biggest discount retailer) cut forecast b/c profit margin pressure (traded -4%)
- Australia January services industry expanded (+2.9 pts to 51.9) (snaps three months of declines)

Leading European Sectors: Banks +1.74%, Trav/Les +1.32%, Telco +0.95%

Lagging European Sectors: Oil & Gas -0.20%, Chemicals +0.06%, Construction +0.17%

IRF posts q2 loss - VRTX eps/revs beat - BOOT net income loss q4  
BEBE quarterly dividend - PFG eps/revs miss - COLM guides down  
FISV eps matches - EW lowers eps outlook - GILD positive Hep C data  
NSR boosts FY12 eps view - TRMB guides up - N q4 revs tops view  
DRIV guidance light - SFSF billings better - MGM credit facility  
PWER guides lower - SIMG raises rev outlook - SXC ebidta light  
UTI 60% net lower - CTCT earnings better - GNW swings to profit  
FLR raises dividend - PII 64% div increase - INFN beats estimates  
ATML lowers rev view - SIMG tops ests - SHEN 4G LTE buildout plan

Notable Options Activity Yesterday:

GMCR (\$66.42 +23.9%) customer sold 2500 Feb 65 calls and bought 2500 March 70 calls for even. The trade appears to be rolling, and could be from a purchase of 2,900 of the Feb's for \$0.90 on 1/26.

GILD (\$49.31 +0.3%) customer bought 8000 May 45c for \$6.30 and sold 10000 May 50 calls at \$3.26.

Secondaries (announced/priced): BBEP, ARR, WETF, MNKD

IPO's: N/A

Key Research: GS downgrades US Managed Care and AGP/VRTX & adds ALXN to Conviction Buy list, SocGen downgrades UNA NA  
Key Research: Barcap downgrades RDSA LN & upgrades BBT, Think initiates IART/THOR/REGN (buys) & HTWR (sell), MKM cuts MRK  
Key Research: Cantor initiates CUBE (buy) & SSS (hold) & EXR/PSA (sells), UBS downgrades ALV (sell), RBC cuts KMX/IP  
Key Research: DB downgrades RBS LN/KFRC & reinstates CA FP (hold), Baird upgrades TTEK/PEET, JMP downgrades BRCD  
Key Research: Jefferies downgrades RIMM & upgrades Sands China (buy), MS cuts RSH & upgrades NOV, Wells downgrades EW  
Key Research: JPM initiates FDO (ow) & DG (neut) & downgrades CVC & upgrades CP/AAP/MDC, Piper downgrades RSTI & upgrades WBC  
Key Research: CS initiates CHK (neut) & NBL (op) & cuts ATK, Bofa upgrades DNDN, Roth downgrades FCAL, Janney upgrades URBN (buy)  
Key Research: Citi upgrades CNP (buy) & downgrades SUG/EP/OKE, GS downgrades ARG

Reporting Pre-Open: AON, BEAM, CLX, EL, SPG, TSN, WY, Panasonic (6752 JP), ABMD, AXL, BAH, HNT, IMN, JOUT, MAC, MGI, MOD, OB, SEP, SIRO, SPB, TXCC, UFS, VVI, WTM, AIRT

Reporting Post-Close: RBO, WGL

Economic Data: January Employment Report @ 8:30am, ISM Non-Manufacturing Index / Factory Orders @ 10am

Conferences: No major conferences

Analyst/Investor Days: STJ, GLW

Non-Deal Roadshows: ACOR, AMZN, CA, CVLT, ELX, PPHM, SLG, WRI

Shareholder Meetings: CMC, TSN, ZOLT, COL, ISSI

Equity/Mixed Shelves: NYMT (\$250M)

#### Other Newspaper Articles & Stories

Barron's positive: Enterprise Product Partners (EPD) & Plains All American Pipeline (PAA)  
Barron's<<http://online.barrons.com/article/SB50001424052748704858604577199393682557880.html>>

WSJ positive: Munich Re (MUV2 GR)

WSJ<<http://online.wsj.com/article/SB10001424052970204662204577199054140953154.html>>

· How much are Super PACs spending? WSJ<<http://projects.wsj.com/super-pacs/>>

· Facebook's \$100 Billion Question

WSJ<[http://online.wsj.com/article/SB10001424052970204662204577199491268866920.html?mod=ITP\\_marketplace\\_0](http://online.wsj.com/article/SB10001424052970204662204577199491268866920.html?mod=ITP_marketplace_0)>

· Facebook's Painful Secondary Impact WSJ Heard on the

Street<<http://online.wsj.com/article/SB10001424052970204662204577199220078140972.html>>

· Resource Boom Spurs Big Deal

WSJ<[http://online.wsj.com/article/SB10001424052970203889904577198294176963230.html?mod=ITP\\_pageone\\_0](http://online.wsj.com/article/SB10001424052970203889904577198294176963230.html?mod=ITP_pageone_0)>

· U.S. Is a Puzzle for Sony Chief

WSJ<<http://online.wsj.com/article/SB10001424052970204662204577199481599618346.html>>

· China Considers Offering Aid in Europe's Debt Crisis

NYT<<http://www.nytimes.com/2012/02/03/business/global/china-considers-offering-aid-in-europes-debt-crisis.html?ref=todayspaper>>

· Army Studies Workout Supplements After Deaths

NYT<<http://www.nytimes.com/2012/02/03/business/army-studies-workout-supplements-after-2-deaths.html?ref=todayspaper>>

· What's at Stake in Friday's Jobs Report

NYT<<http://economix.blogs.nytimes.com/2012/02/02/whats-at-stake-in-fridays-jobs-report/?ref=todayspaper>>

· Ottawa leans on banks to tighten lending Globe and

Mail<<http://www.theglobeandmail.com/report-on-business/economy/housing/ottawa-leans-on-banks-to-tighten-lending/article2324057/>>

· Bank of England's Posen attacks banks for failing to deliver value for economy

Telegraph<<http://www.telegraph.co.uk/finance/economics/9057692/Bank-of-Englands-Posen-attacks-banks-for-failing-to-deliver-value-for-economy.html>>

· Private equity firm joins Petroplus suitors

Telegraph<<http://www.telegraph.co.uk/finance/newsbysector/energy/oilandgas/9057955/Private-equity-firm-joins-Petroplus-suitors.html>>

· Japanese smoke signals push up Imperial  
Telegraph<<http://www.telegraph.co.uk/finance/markets/marketreport/9057839/Japanese-smoke-signals-push-up-Imperial.html>>

· Amazon makes quiet entry into Indian retail market via comparison shopping site  
Economic Times<<http://economictimes.indiatimes.com/news/news-by-industry/services/retailing/amazon-makes-quiet-entry-into-indian-retail-market-via-comparison-shopping-site-junglee-com/articleshow/11733379.cms>>

· BT to offer ultra-fast 330Mbps broadband  
Guardian<<http://www.guardian.co.uk/business/2012/feb/03/bt-ultra-fast-330mbps-broadband>>

· GM Releases Smart Grid APIs for Chevy Volt, via OnStar  
GreenTech<<http://www.greentechmedia.com/articles/read/gm-releases-smart-grid-apis-for-chevy-volt-via-onstar/>>

· Apple unlikely to launch iTV in 2Q12, say sources  
DigiTimes<<http://www.digitimes.com/news/a20120202PD211.html>>

#### Key Events Next Week

Monday: Credit Suisse Energy Summit (Vail), Earnings (HAS, HUM, SYU, YUM)

Tuesday: Colorado, Minnesota, and Missouri primaries/caucuses, Consumer Credit, Treasury to sell \$32B of 3yr notes, Cowen Aerospace/Defense Conference (NYC), Earnings (BDX, KO, CBG, DIS, HIG, WU)

Wednesday: MBA Mortgage Applications, Treasury to sell \$24B of 10yr notes, China CPI/PPI, Earnings (CVS, IR, RL, S, TWX, WYN, AKAM, CSCO, NWSA, PRU, V, WFM)

Thursday: Obama to meet w/Italy's Monti at White House, Wholesale Inventories, Treasury to sell \$16B of 30yr notes, BMO Infrastructure & Utilities Conference (Toronto), Earnings (CCE, LO, NBL, PEP, SEE, SIAL, ATVI, EXPE)

Friday: Treasury Budget Statement, U. Of Michigan Consumer Confidence, Earnings (NYX, PPL, FLIR)

Ike Groff | [REDACTED] | [REDACTED] | \* [REDACTED] | \*  
[REDACTED] <[mailto:\[REDACTED\]](mailto:[REDACTED])>

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