BULLS & BEARS

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TOP STORIES

- Consumer confidence hits lowest level since 1982
- New home sales at 16-year low
- Yahoo beats the street, waits for higher Microsoft offer
- Bank of America profit plunges 77%
- Boeing's earnings soar 38%

MARKETS

DOW	12891.86, +0.3%
NASDAQ	2422.93, +0.8%
S&P 500	1397.84, +0.5%
10 YR	97, yield 3.87%
OIL	$118.64, +$1.64
EURO	$1.5628

THIS WEEKS ISSUE

MARKET SUMMARY

Monday 04/21/08
The morning got off to a rough start, with the market pulled lower by financial firms thanks to Bank of America's disappointing first-quarter earnings. This news was followed by word that the firm is planning to sell part of its stake in China Construction Bank in hopes of shoring up its balance sheet. Elsewhere, Mattel and Hasbro both beat estimates. After an initial drop, the market slogged sideways in a rather tight trading range before settling the day slightly lower.Oil hit yet another closing high, while gold continued its march upward.

Tuesday 04/22/08
The previous night's earnings reports set a dismal tone for the trading day before it even began. Netflix garnered a downgrade and saw its shares plunge after slashing its 2008 earnings outlook, while tech titan Texas Instruments also disappointed the street with discouraging second-quarter guidance. The National Assocation of Realtors, meanwhile, unveiled the latest round of data from the housing sector reporting a 19% decline is home resales. The Dow closed with a triple digit loss with only 7 of the Dow's components moving higher. Hawkish commentary from the European Central Bank propelled the euro to a new record high of $1.6018 versus the greenback, even as the U.S. currency was already feeling the heat of weak housing data and sky-high crude prices.

Wednesday 04/23/08
Investors dealt with a wealth of earnigns reports again this morning, as EMC, VMWare, Boeing, and Yahoo all reported results between yesterday's close and this morning's opening bell. With a general lack of economic news today, investors were free to focus on crude inventories which came in line with estimates. Strong results from Boeing and Yahoo led the Dow higher, as the dollar bounced off yesterday's low.

Thursday 04/24/08
Stocks plunged in the early trading, following a drop in durable goods orders and another round of dismal housing data setting the tone. Despite this, crude prices fell as the U.S. dollar flexed some muscle, relieving a bit of the selling pressure. Unexpected strength also came from financials and insurers today, with Aflac and Travelers Companies turning in better-than-expected earnings numbers. Merrill Lynch also rallied after CEO John Thain impressed shareholders at his first annual meeting. Apple surged higher on good earnings, while Pepsi asserted that rising commodities costs were eating into its margins. The Dow closed 85 points higher wrapping up its roller-coaster session.

Friday 04/25/08
The morning took a bit of a negative tilt, prompted by Microsoft's diappointing earnings report. The latest round of consumer confidence data from the University of Michigan did little to help the situation, as the index slipped to 62.6 in April from March's reading of 69.5. Nonetheless the Dow rallied into the close finishing the day and the week slightly higher. Both gold and oil reversed their decline on supply-concerns and edged higher.

THE WEEK IN QUOTES

"The housing sector will continue to act as deadweight on overall growth throughout the remainder of 2008."

-Economist Josephy Brusuelas, after March home sales fell to the lowest level since the housing recession of October 1991

"We know what Yahoo's worth. $44 billion is a lot of money"

-Microsft CEO Steve Ballmer in a confrence in Milan, commenting on the companies buyout bid for search-giant Yahoo

"Detergent is very expensive, so I make my own."

-Chritstina Pond, 26, of Texas, as prices for gas, food, and goods are increasing

ANNOUNCEMENT

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Want to submit an article?

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bulls.bears.press@gmail.com

Dear Readers,

Most readers don't know the story of how the Bulls & Bears Press got started. Considering this is our last issue of the 2007-2008 academic year, here it goes.

In the fall of 2007, the President of the Undergraduate Investment Club at Carnegie Mellon thought it would be both educational and enjoyable to send a weekly newsletter to the 300+ members of the club recapping the important financial news of the week. In the beginning we only had three of us working on it and the newsletter was simply 2-3 pages long and titled "Financial Newsletter." You can find the earlier issues on our website www.UndergradInvestors.com. They are not nearly as well designed or as long as the issues are now, but they still provide some good information.

By the time spring came around, we had received so much positive feedback from our members that we thought other finance and investment clubs would enjoy it as well. Seeing as there was no other comparable newsletter for college students we set out to get as many clubs on board as we could. We were ecstatic when clubs at the University of Pennsylvania and McGill University quickly signed on. After that we drafted a new, improved recruiting e-mail and we were flooded by interested clubs. With more schools coming on board each week, we needed a larger team to be behind it all. We contacted clubs at the University of Pittsburgh and everyone we could reach at Carnegie Mellon to recruit our new team, seeking the most intelligent, motivated individuals we could get. Now we have a wonderful team of 15 members that organizes, markets, recruits, designs, and writes for the Bulls & Bears Press each week.

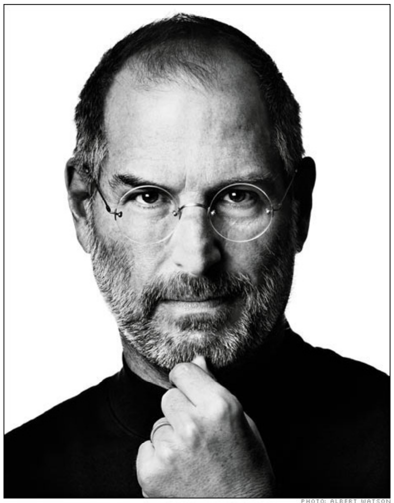
We have gone from a simple 2-3 page weekly newsletter that was sent only to our club at CMU to a multinational, collegiate newsletter that is currently sent to 42 universities around the globe. The Bulls & Bears Press is the largest distributed weekly collegiate newsletter of any kind.

We have grand plans for the future. This summer we will be spending a tremendous amount of time developing a website that will allow finance, investment, and business clubs around the world connect and discuss financial issues as well as read articles that both educate and entertain. We look to continue our global expansion hoping to reach more schools interested in reading our financial publication. Of most importance is that we hope to continue to please and serve our readers. The team wanted to thank all of you for submitting articles, reading the newsletter, and sending us tons of positive feedback. It's been a great year.

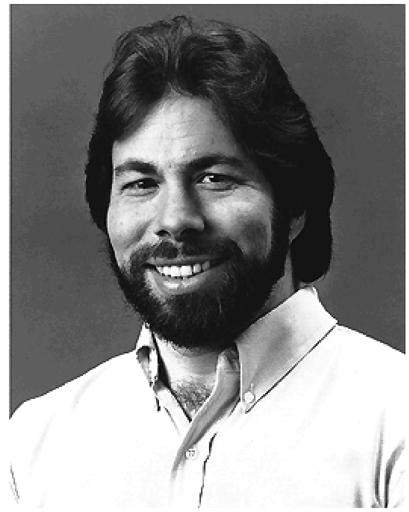
Best Wishes,

The Team of the Bulls & Bears Press

FOUNDERS OF APPLE *By Mehnt Bhatia*



Steven Jobs



Stephen Wozniak

Steven Jobs, born on February 24th, 1955 in San Francisco, is the Co-founder and current CEO of Apple Inc. He showed an inclination towards technology from the beginning. While working at Atari, after dropping out of college, he met Steve Wozniak. Jobs was impressed by Wozniak's electronic skills and proposed the formation of a new business, Apple Computers, which they founded on April 1st 1976.

They made their first computer, called Apple I. It included multiple new features that were new to the world of computers. The Apple II was the next personal computer that was created. In the span of three years, Apple earned $139 million. Owing to their increasing profit trends, Apple went public in 1980.

Jobs then chose to design the Macintosh, which would be the competitor of the PC. However, after the success of the Macintosh, John Sculley, the then CEO claimed that Jobs was hurting the company and chose to send him to an office where Jobs was given no relevant assignments. Later on, Sculley announced that Jobs would have no role in the Company. At the beginning of September 1985, while talking to a professor from Stanford, the Professor complained about the need for software to him. Jobs decided to create NeXT, a software company. In 1996, Apple ran into big problems, posting billions of dollars of losses. Jobs returned to Apple and convinced it to buy NeXT.

Ever since, the company has shown sharp turnaround, growing without bounds. Jobs' time as CEO at Apple saw the introduction of one of its most famous products: the iPod. Steve Jobs turned out to be one of the most effective and valiant leaders in the world of computers.

Stephen Wozniak, born in 1950 in California, is the Co-founder Apple Inc. As a child, he had a high level of understanding as well as interest in electronics. He was a technical genius who always tried to best his own achievements. While working for HP, as he was designing calculators, he realized that it would be possible to create a computer for a affordable price if he saved enough of money.

With the help of Steve Jobs, he created and sold the Apple I. Later on, he was also involved with creation of the Apple II and Apple III. However, soon after the creation of Apple III, he was involved in a plane crash, and suffered a concussion. After his recovery, he decided to take leave from Apple. He went to college at Berkeley and obtained his degree in Electronic Engineering and Computer Science.

In June of 1983, Wozniak returned to Apple and in 1985, Wozniak received the National Technology Medal from President Reagan at the White House. However, he decided that it was time to leave the Company. He decided to try allocating his efforts and money to the world of philanthropy.

He started numerous charitable ventures. However, even after leaving Apple, his interest in computers and technology has not seemed to diminish. Even in Apple, Wozniak was more interested in creating technology rather than occupying a board position.

Steve Wozniak's achievements have affected the world of technology in a great way. His inventions helped thrust the world into the computing era.

DELTA AND NORTHWEST: SHOULD THEY MERGE? *By Emily Anderson*

Delta and Northwest are currently contemplating coming together to create the world's largest airline and, in turn, reshape the entire airline industry. The Atlanta based Delta will pay around $3 billion for the Minneapolis based Northwest airlines. These mergers are becoming prominent now due to rising fuel costs. Airlines need to come together to combat these fuel costs and to grow stronger in preparation for lower earnings.

Both Delta and Northwest have shown signs of struggling against the industry, and both filed for bankruptcy in September of 2005 at almost the exact same time, using this process to cut down their labor costs. Delta was able to make a profit for the first six months after they pulled out of bankruptcy, but then posted a $70 million dollar loss in the fourth quarter due to higher fuel costs. Northwest essentially broke even after the fourth quarter, posting an $8 million loss in the fourth quarter after posting two quarters of profit. Both expect to see losses in the upcoming quarters.

Any deal that occurs between Delta and Northwest needs to have the approval of the U.S. Department of Justice. The Department of Justice enforces antitrust laws, those that will be called into question with this merger. They will examine a range of public-interest factors including routes, marketing arrangements with other carriers, fairness of business practices, and economic fitness. They will also consider whether a merger will protect the rights of customers or not; if it gives them enough notice to change their frequent flyer plans or if they need more time. The finding would decide whether or not they should start legal procedures to block the merger. Other people will be working against this merger including lawmakers concerned about reduced air service for their districts. This deal also fires up labor leaders, who oppose job cutbacks, and consumer advocates, who fear higher fares.

Delta and Northwest seem to be on the right footing, as they received a mostly sympathetic ear on Capitol Hill on Thursday. Most of the lawmakers seemed persuaded by the CEOs' main argument that the merger is an "end-to-end" combination of two existing airlines that complement each other, and therefore will not result in hub closures or extensive service reductions. The airlines promised not to cut major hubs because of the merger, but they were hesitant on promising not to cut hubs at all. They know that fuel will be a big issue in the upcoming months and they will have to deal with losses due to those prices in the near future.

Even if this deal goes through it will be bittersweet for Delta stockholders. US Airways had previously made a bid to buy Delta out of bankruptcy. This deal would have given Delta creditors $5 billion in cash and 89.5 million US Airways shares.

Unfortunately, that deal did not go through because Delta's management, pilots, and many employees successfully fended off the US Airways bid, and Delta filed its own standalone business plan. Under that plan, unsecured creditors received only Delta stock. This is, as of now, not the best deal because Delta owes almost $12 .5 billion and has only 2.6 billion in shares.

There are people both for and against this merger. Some say that it is the first step in a track leading to two or three airlines dominating the industry. Others worry that if this does not go through, that there will be more bankruptcy filings, which means more labor contracts will be cut off and more lay-offs will take place. There is no perfect solution either way, but with fuel prices constantly on the rise and the economy in a downswing, sticking together might be the only chance the airlines have.

FOOD FOR THOUGHT *By Gautam Shah*

Well at least the Dollar Menu at our favorite fast food restaurants hasn't changed...yet.

If you think that food is still relatively unchanged even due to inflation, try digesting these numbers. Over the past year, milk has soared 26%, bread risen 15%, beef has increased 50%, cheese has skyrocketed over 90%, and eggs jumped over 40%. U.S. food prices rose 4 percent in 2007, as compared to an average 2.5 percent annual rise for the last 15 years, according to the U.S. Department of Agriculture. And the agency says 2008 could be worse.

Escalating food costs could present a greater problem than soaring oil prices do for the national economy because the average household spends three times as much for food as for gasoline. Food accounts for about 13 percent of household spending compared to only about 4 percent for gas, according to the Boston Globe. These spikes in food combined with drastically rising oil prices and the flimsy dollar have caused U.S. consumers and business owners to have to rethink their monthly spending plan. Many consumers are dealing with this sticker shock at the grocery stores by buying generic brands, cutting coupons, and buying in bulk. However, many are forced to take more direct action. A family of four qualifies for $542 in food stamps, a number which could not support the family for a month previously, is now providing even less relief than the government had expected. This is causing many families to water down the milk to feed their children, or give their children soda because it is cheaper than milk. Small and specialty restaurants are also being forced to inch their prices upward to deal with booming commodity prices. This issue has also altered government action, as aid agencies are struggling to afford the amount of food aid required by poor individuals. On top of the high commodity prices, they also face steeper transportation costs because oil and energy costs are very expensive.

Though this problem has been detrimental to many in the U.S., the impact is no where near the devastation this issue has caused in other parts of the world. There have been cases of riots in Haiti and Egypt in the past four weeks where rampaging inflation has driven up food prices to the point where only the extremely wealthy can afford to feed their family. The United Nations estimates that the cost of food in those countries has nearly doubled in the last two years. According to U.S. News, countries like Pakistan, India, and Russia are starting to take drastic measures to safeguard food supplies, such as banning food exports or boosting production subsidies. In fact, the rising middle class in India especially has seen their income grow tremendously as many more are now able to afford food. This increased demand paired with government legislation is creating much tension among countries that depend on India for commodities such as rice and wheat.

People all over the world are being driven into poverty. Nothing can keep up with the raging demand and increasing population in China and India. And consumer confidence is falling with every trip to the grocery store.

But we still have the Dollar Menu.

USMO ANALYSIS *By Asa Palley*

At first glance, USA Mobility, Inc. (USMO) seems like a poor investment. This paging and wireless communication services company has seen revenues declining at 10 to 15 percent annually, and recently took a $50 million write-down on its deferred tax assets, which make up a large part of its balance sheet. As a result, it shares, which had traded as high as $28 last July, now change hands for less than $7 apiece. Many investors have written off the company's business model as outdated and dying. Yet with a current market capitalization of less than $200 million, the company also looks cheap. And USA Mobility has proven that its services are not obsolete, churning out consistent profits over the past few years despite the continued customer losses. The company boasts an even more impressive annual free cash flow, and has shown a rare commitment to distributing this money to investors in the form of dividends. Payouts over the past 12 months give its shares an almost unbelievable 38% dividend yield.

Formed in 2004 when Metrocall Wireless, Inc. and Arch Wireless, Inc. merged, USA Mobility has responded to deterioration in its paging business by diversifying the products it offers and pushing relentlessly towards a lower-cost operating structure. Its services now range from emergency notifications to GPS location to M2M communication such as utility meter reading. It contracts with many government and health-care organizations that choose pagers because of their lower cost and better building penetration. This has helped to slow subscriber loss and stabilize the company's profits. It has also generated significant cash flow because annual depreciation charges far outweigh capital expenditures. Another cash flow driver over the past several years has been the monetization of several hundred million dollars worth of deferred tax assets. However, the recent write-down increases uncertainty regarding the company, because it opens the possibility that its remaining deferred tax assets may turn out to be worthless, and in the worst-case scenario maybe even previously-booked tax benefits would have to be restated. Company insiders don't seem to think so, though – there have been 14 separate stock acquisitions and only one sale since the stock dropped below $10 a share six weeks ago.

So what would be a reasonable valuation for the company? Consider the recent trends and numbers from the company's financial statements: To get a reasonable lower bound, we suppose revenues ($424 million for 2007) drop at 15% percent a year for five years, while operating costs and SG&A expenses ($158 and $128 million, respectively, for 2007) only fall at 10% per year. We also assume that depreciation charges ($49 million for 2007) fall at 20% per year, while capital expenditures are fixed at $20 million annually, and apply a tax rate of 35%. Assuming free cash flow continues to be fully distributed to shareholders, this would yield slightly more than $180 million over those five years – about the same as the current market capitalization. However, this figure is probably overly conservative, because it ignores whatever the residual market capitalization of the company might be after those five years and excludes about $100 million in deferred tax assets and $65 million in cash on USA Mobility's very strong balance sheet. It also assumes a rapid erosion in the company's profit margins and cash flows, in contrast to its performance over the past few years. If we apply the same numbers as above, but include the balance sheet items and assume revenues and margins can stabilize over the next couple years, we arrive at a much larger valuation of about $600 million for the company (assuming a 10% required rate of return). So for a value investor, USMO appears to have an attractive risk/reward profile as part of a diversified portfolio. And even if the share price doesn't improve, you are still getting a huge annual return on the investment through the dividend.

Disclosure: The author has a position in USMO. This is neither a recommendation to buy nor sell the security.

BLACK MONDAY: MARKET CRASH OF 1987 *By Rohith Salim*

In market terms, 'Black Monday' is the term given to Monday, October 19, 1987 when stock markets around the world crashed. The crash began in Hong Kong, spread west across Asia to Europe, and finally hit the United States after markets had shown significant decline. In the United States, the Dow Jones Industrial Average lost 22.6% of its value or $500 billion dollars on the day.

An extremely powerful bull market had started in the summer of 1982. The investors' confidence kept growing, motivating them to buy in anticipation of further capital gains. This Bull market was fueled by hostile takeovers, buyouts and mergers. The overreaching philosophy of time was that companies would grow exponentially by purchasing other companies. Companies were scrambling to buy each other out. During this time, companies would sell junk bonds to the public in order to raise capital to buyout other companies. Junk bonds are simply bonds that have a very high risk of loss, hence paying a larger interest rate. Initial Public Offers (IPOs) were also becoming a major driver of the market. As before any bubble burst, the investing public was of the firm belief that the market would always go up.

However, many shady IPOs and conglomerates proliferated which the Stock Exchange Commission (SEC) failed to prevent. In early 1987, the SEC conducted numerous investigations of illegal insider trading, creating a wary stance from many investors. Furthermore, inflation was now becoming a concern because of the economic growth. To temper the inflation, the Feds raised the short term interest rates. However, this had an adverse effect on stocks. To protect their stocks from dipping further, many institutional trading firms started using portfolio insurance. Portfolio insurance is a practice that uses future contracts as an insurance policy. Those people that hold these contracts can make money as the market crashes, thereby offsetting any losses in the stock holdings. As these large institutional firms started using portfolio insurance, the futures market was taking in billions of dollars within minutes, causing the futures market and the stock market to crash from instability. Furthermore, the stock holders all wanted to sell simultaneously but were unable to do so because there weren't any buyers left.

Within a single day, the Dow Jones Index lost 500 Billion dollars. Markets in every country from all around the world collapsed in the same fashion. When individual investors heard that a massive stock market crash was happening, they all simultaneously tried to call their brokers, without much success. Many people lost millions instantly. Some individuals, who had lost fortunes, went to the extent of shooting their broker. Several brokers were killed, despite the fact that they had no control over the market action. The majority of investors were selling because they "saw everyone else selling". This irrational mentality was one of the main reasons behind this huge market crash.

Unlike the market crash of 1929, the market quickly recovered instead of going into a depression. This was because the Fed immediately intervened and lowered the short term interest rate to prevent a depression from happening. Furthermore, the market started on a Bull Run again. This was powered by companies buying back stocks that were undervalued after the severe market crash. Additionally, the Japanese Nikkei index was embarking on its own bull market. This tremendous momentum helped pull the US stock markets to new heights never seen before.

TOP 5 MOST EXPENSIVE HOTELS *By Tanya Sachdeva*

1. The Atlantis
   Location: Bahamas
   Bridge Suite Price: $25,000

The Atlantis Bridge Suite's most expensive suite, called the Bridge Suite, is located on top of a bridge that connects the two Royal Towers buildings and overlooks the entire resort and marina. The ten-room suite has its own butler, bar lounge, and entertainment center, as well as 12-foot ceilings. The master bedroom has a sitting area, two closets, and hand-painted linens. The bathrooms have chaise lounges, marble baths, and dolphin fixtures with two separate master bathrooms. The kitchen also has its own entrance for the butler or cook to enter.

2. President Wilson Hotel
   Location: Geneva, Switzerland
   Imperial Suite Price: $23,600

The Imperial Suite takes up the entire top floor of the hotel and can be reached via private elevator. This four bedroom suite overlooks Lake Geneva and Mont Blanc. Along with the master bedroom, it offers a dressing room, a study, and five bathrooms. The main bath has a Jacuzzi and steam bath. The living room, which can accommodate 40 people, is equipped with a billiards table, a library, and a cocktail lounge with a view of the water fountain. The dining room seats 26 people around an oval mahogany table and for security reasons all windows and doors are bulletproof.

3. The Martinez Hotel
   Location: Cannes, France
   Presidential Suite Price: $18,000

The Martinez Hotel in Cannes has an 8,000 square feet, terraced penthouse suite containing two bedrooms, a Turkish bath, a kitchen, a personal sauna, and a view of the Lerins Islands as well as the Bay of Cannes. The terrace is 2,000 square feet and can accommodate 100 people. The suite also contains a Jacuzzi, Bose plasma screen televisions, and a DVD Library. Along with the suite, the guests get a private butler, who is on call 24 hours a day, a limousine, and an open bar.

4. The Plaza Hotel
   Location: New York, USA
   Presidential Suite Price: $15,000

The Presidential Suite is 7,802-square-foot suite and covers most of the 18th floor of the Plaza Hotel, overlooking Central Park. The suite has five bedrooms, five and a half bathrooms, two living rooms, a dining room, a powder room, and a sauna. There are also three marble fireplaces, a terrace, and a 2,000-bottle wine cellar. The suite comes with a butler or secretary, who gets their own office, and the hotel chefs can be called at any time.

5. Westin Excelsior
   Location: Roma, Italy
   Villa La Cupola: $14, 312

The Westing Excelsior's Villa La Cupola contains a cupola, a Pompeii-style Jacuzzi pool, frescoes, and stained glass windows. The suite is located on the fifth and sixth floors, covering 6,099 square feet with an additional 1,808 square feet of balconies and terraces. The suite has only two bedrooms but five more bedrooms can be joined. The downstairs of the suite has a private kitchen and a dining room with a private wine cabinet. The suite contains a private cinema with Dolby surround sound and an elevator that leads up to the fitness area and Jacuzzi.

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