

BRIEFLY

Several states in running for Tesla battery factory

Electric car maker Tesla Motors is considering sites in Nevada, Arizona, New Mexico and Texas for a large battery factory that would employ around 6,500 people.

Tesla plans to start construction this year and complete the factory in 2017.

The Palo Alto-based company expects the factory to supply enough batteries for the 500,000 cars it hopes to make by 2020.

Tesla and partners including battery maker Panasonic will invest between \$4 billion and \$5 billion to build the factory, which would supply battery packs to Tesla's Fremont assembly plant.

Tesla also announced Wednesday it would raise \$1.6 billion in a debt offering. The proceeds would help finance the new factory and a lower-cost vehicle expected to go on sale at the end of 2016.

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boost earnings.

The Federal Deposit Insurance Corp. reported that the banking industry earned \$40.3 billion in the final quarter of 2013, up from \$34.4 billion in the same period in 2012.

Barnes & Noble Nook unit sputters

Barnes & Noble said it would release a new color tablet later this year, even as losses in its sputtering Nook division continued to weigh down the bookseller in its most recent quarter.

The nation's largest bookstore chain said it was "in discussions" with outside hardware companies to produce the new tablet, a sign that Barnes & Noble was rapidly moving away from the production of its own Nook devices. The company did not introduce a new device in 2013.

Barnes & Noble reported that its revenue decreased 10.3 percent, to \$2 billion, in the quarter that ended Jan. 25. Earnings before interest, depreciation and amortization rose to \$173 million, from \$59 million in the year-ago quarter.

Penney ekes out quarterly profit

J.C. Penney is reporting a small profit in the fourth quarter, but the beleaguered retailer suffered a revenue shortfall as it struggles to win back shoppers.

The retailer, based in Plano, Texas, says it earned \$35 million, or 11 cents per share, in the three-month period ended Feb. 1. That compares with a loss of \$552 million, or \$2.51 per share, in the year-ago period. Excluding a tax benefit and other items, Penney had a loss of 68 cents per share in the quarter.

Revenue slipped 2.6 percent to \$3.78 billion.

Delta revises loyalty plan to favor fliers who pay most

Third-largest airline will move away from award program based on miles flown.

BLOOMBERG NEWS

Delta Air Lines' shift to basing frequent-flier awards on the cost of the ticket instead of miles flown adds to benefits enjoyed by travelers who pay the highest fares and penalizes those who seek the cheapest price.

The world's third-largest carrier will break with tradition among the biggest U.S. airlines when it makes the change on Jan. 1, adopting a system similar to those at low-fare operators Southwest Airlines and JetBlue.

Each dollar spent on a Delta trip will earn rewards of 5 to 11 miles, rather than the usual practice of SkyMiles members getting credit for each mile flown,



FILE PHOTO: THE ASSOCIATED PRESS

Delta will give more recognition to frequent business travelers and leisure customers who pay premium fares.

Delta said Wednesday. Loyalty-plan participants with elite status will receive the most, Atlanta-based Delta said.

"The losers are probably those passengers who aren't of much value to the airline anyway," Randy Petersen, editor of InsideFlyer magazine, said. "This move returns frequent-flier programs to the frequent flier. For the last 10 to 15 years, it's really been equal for everybody."

American Airlines Group isn't likely to follow Delta in the next few years because

it's focused now on combining the awards plans from American and US Airways after their December merger, Petersen said. United Continental Holdings is more likely to adopt similar policies, he said.

Those two carriers, the world's biggest, still use the miles-flown method to calculate travelers' rewards.

Airlines rely on loyalty programs to build repeat business, especially among the corporate fliers who travel most often and typically pay the highest prices. While the customers earn-

ing more miles under Delta's new plan are a minority among SkyMiles members, they produce 60 percent of the airline's revenue, said Vice President Jeff Robertson, who runs the program.

The SkyMiles revision followed a study of programs used by Southwest, JetBlue and Virgin America as well as the credit-card and hotel loyalty plans with spending-based awards, Robertson said. The airline also sought input from thousands of passengers, employees, corporate-travel managers and others, he said.

"Our goal was to invest more in those customers where the frequent-flier program was the primary purchase driver" versus those who bought based on price, Robertson said.

SkyMiles had about 90 million members as of June, according to estimates by FrequentFlyerServices.com. American had about 101 million and United about 90 million.

Data-breach costs take toll on Target

THE ASSOCIATED PRESS

It looks like Target will be feeling the financial pain for a while from the theft of credit card numbers and other information from millions of its customers.

The discounter said Wednesday that its profit in the fourth quarter fell 46 percent on a revenue decline of 5.3 percent as the breach scared off customers worried about the security of their private data.

While Target said sales have been recovering since the breach was disclosed in

mid-December, the company expects business to be muted for some time.

Target's business has been affected by the breach in a number of ways. During the quarter, the number of transactions fell 5.5 percent.

The company also has faced costs related to the breach. Target said it can't yet estimate how much the data breach will cost it in total.

But in the fourth quarter, it said the breach resulted in \$17 million of net expenses, with \$61 million of total

Breach

Target disclosed on Dec. 19 that a data breach compromised 40 million credit and debit card accounts between Nov. 27 and Dec. 15. Then on Jan. 10 it said hackers also stole personal information - including names, phone numbers as well as email and mailing addresses - from as many as 70 million customers. When the final tally is in, Target's breach may eclipse the biggest known data breach at a retailer, one disclosed in 2007 at the parent company of TJ Maxx that affected 90 million records.

expenses partially offset by the recognition of a \$44 million insurance receivable.

Target earned \$520 million for the three months

that ended on Feb. 1, compared with a profit of \$961 million a year earlier. Revenue fell to \$21.5 billion from \$22.7 billion.

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Borrowing for an Automobile

BY AMY BENTLEY

It's always exciting to buy a new vehicle. Few people, however, pay for their new car outright, opting to take out a loan from a credit union or bank, or get financing through a dealership. Credit union auto loan interest rates tend to be lower than dealership financing options, and credit unions often give

deals to their members.

Eagle Community Credit Union, for example, offers a half-of-one percent discount off of a member's approved auto loan interest rate if the member signs up for an automatic payment transfer from their checking account each month to make the payment. In addition, sometimes Eagle offers additional discounts, such as taking a half-of-one percent off the interest rate if the member finances 80 percent or less of the vehicle.

Susan Huss, Eagle's vice president of lending, offers helpful advice to those seeking to finance a new or pre-owned vehicle and discusses ways credit unions can help.

"Know your credit score in advance

Eagle offers a number of auto loan options, with the goal to help members get a loan that best fits their budget.

— SUSAN HUSS
Vice president of lending,
Eagle Community Credit Union

so you know about where you will fall in terms of interest rates," she says. "Eagle offers a number of auto loan options, with the goal to help members get a loan that best fits their budget."

"We always urge members to get pre-approved for a car loan and know what they can afford. Our members can go to our website and apply, and use the calculator to see what the payment would be for a certain loan," Huss says. "Then they would know if this fits into their budget." Eagle members can get pre-approved online, over the phone or at a credit

union branch. Once the buyer knows what he or she can afford, this helps them save time while car shopping.

Also, look beyond the dealerships. Eagle members can use the auto buying service Autoland. For no extra fee, an Autoland consultant will find the car (new or pre-owned) and bring it to the credit union branch for a test drive. Autoland also accepts trade-ins.

"A lot of times there will be additional discounts and incentives if you buy through Autoland and finance through Eagle," Huss says. Buyers can shop for inventory first online by visiting www.autoland.com.

Did You Know?

Credit Union members **save more than \$6 billion** for their credit unions, serving as board members, committee members or providing other assistance.



Eagle Community Credit Union is a member-owned not-for-profit financial institution serving Orange County. For over 75 years we've been helping members reach their financial goals with a commitment to service excellence and member satisfaction.



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