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## MORNING NEWS CALL

### THURSDAY, AUGUST 14, 2008

#### TOP STORIES

- Wal-Mart Q2 profit jumps; hikes FY guidance
- Barnes & Noble unlikely to bid for Borders on financing hurdles - report
- Urban Outfitters Q2 profit surges 79%
- J.M. Smucker Q1 earnings rise; keeps 2009 outlook
- CME might postpone shareholder meet on NYMEX deal - report

#### BE FORE THE BELL

Stock futures are higher this morning, boosted by Wal-Mart's better-than-expected quarterly profit. Investors are also awaiting key economic data, including a reading on inflation, before market open. Initial jobless claims for the week to Aug. 9 are seen falling to 440,000, according to the economists polled by Thomson/IFR. In Europe, leading exchanges were up as energy stocks rose after oil prices climbed a dollar to near \$117 a barrel. Stocks in Asia ended mixed, with Japan's Nikkei sliding 0.5% and shares in Australia rising 0.6%.

#### COMPANIES REPORTING EARNINGS

- **Agilent Technologies Inc.** (A). Expected to report Q3 profit of \$0.54 per share, up 12.71% from the same quarter last year when the company earned \$0.48.
- **Autodesk Inc.** (ADSK). Expected to report Q2 profit of \$0.52 per share, up 17.73% from the same quarter last year when the company earned \$0.44.
- **Kohl's Corp.** (KSS). Expected to report Q2 profit of \$0.73 per share, down 12.65% from the same quarter last year when the company earned \$0.83.
- **Nordstrom Inc.** (JWN). Expected to report Q2 profit of \$0.64 per share, down 9.44% from the same quarter last

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#### INSIGHT

**U.S. commercial lines insurance sector outlook cut to negative - S&P**

**Standard & Poor's Ratings Services revised its outlook on the U.S. commercial lines property/casualty insurance sector to negative from stable, citing concerns of the ongoing decline in**

year when the company earned \$0.71.

### STOCKS TO WATCH THIS MORNING

• **Aegean Marine Petroleum Network Inc.** (ANW). The Piraeus, Greece-based marine fuel logistics company late Wednesday reported higher second-quarter net earnings of \$9.89 million, or 23 cents a share, versus \$7.05 million, or 17 cents a share, in the year-ago period. Revenue more than doubled to \$741 million from \$282.6 million.

• **CME Group Inc.** (CME), **NYMEX Holdings Inc.** (NMX). The Chicago, IL-based operator of self-regulatory futures exchanges is considering postponing the shareholder meeting on its \$8.4 billion deal with the New York-based oil and metals exchange operator, after a last minute revolt by some members of the energy market, the New York Post said today. CME has offered to buy NYMEX in a deal that requires exchanging 0.1323 of its own shares and \$36 in cash for each NYMEX share. Delaying the shareholder meeting, scheduled for Monday, will give CME time to rework the tax treatment of the \$750,000 payout, the Post said.

• **J.M. Smucker Co.** (SJM). The Orrville, OH-based branded food products company today said first-quarter adjusted earnings rose to \$44.90 million, or \$0.82 a share, compared to \$41.23 million, or \$0.72 a share, last year. Net earnings rose to \$42.29 million, or \$0.77 a share, from \$41.23 million, or \$0.71 a share, last year. Net sales went up to \$663.7 million from \$561.5 million. It retained its full-year outlook with net sales estimated to range from \$3.8 billion-\$4 billion, and adjusted EPS of \$3.45 and \$3.50.

• **NetApp Inc.** (NTAP). The Sunnyvale, CA-based data storage services provider late Wednesday reported higher first-quarter net income of \$37.7 million, or 11 cents a share, compared with \$34.3 million, or 9 cents a share, last year. Revenue rose 26% to \$868.8 million from \$689.2 million. It forecast second-quarter EPS of 16-19 cents, or 27-30 cents a share excluding items, on revenue of \$910 million-\$940 million. Separately, it said it has approved a new stock repurchase program of up to \$1 billion.

• **Urban Outfitters Inc.** (URBN). The Philadelphia, PA-based lifestyle specialty retail company today reported a higher second-quarter net income of \$56.98 million or 33 cents a share compared with \$31.86 million or 19 cents a share last year. Net sales went up to \$454.29 million from \$348.45 million previously. The company added it is "appropriately positioned for the second half of the year."

• **Virgin Mobile USA Inc.** (VM). The Warren, NJ-based mobile communications company late Wednesday reported lower second-quarter net earnings of \$3.55 million, or 7 cents a share, versus \$7.14 million, or 14 cents a share, a year earlier. Revenue fell to \$317.4 million from \$327.6 million a year ago.

• **Wal-Mart Stores Inc.** (WMT). The Bentonville, AR-based retailer today reported a higher second-quarter net

pricing for commercial lines and decreases in investment income. Price competition persists across virtually all commercial lines, with prices continuing to decline, albeit at a somewhat moderated pace in the second quarter, the agency said. "Although some companies and outside observers have suggested that the rate of deterioration might have bottomed out in the second quarter, rates are still declining steadily," it added. S&P does not see anything reversing the general downward direction of rates over the next 6 to 12 months. Other factors for revision include worse-than-anticipated deterioration in net investment income through the first half of 2008 and the significant increase in net un-realized investment losses, reflecting continued developments in credit markets.

-- Thomson Reuters.

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income of \$3.45 billion or 87 cents a share compared with \$2.95 billion or 72 cents a share last year. Revenue rose to \$102.7 billion from \$93 billion earlier. Income from continuing operations rose 9.3% to \$3.385 billion or 86 cents a share from \$3.097 billion or 75 cents a share last year. Total U.S. comparable sales rose 4.5% without fuel versus 1.9% last year, while with fuel they rose 5.0% versus 2.0% previously. For the next quarter, Wal-Mart sees EPS from continuing operations of \$0.73-\$0.76, and raised its forecast for full-year EPS from continuing operations to \$3.43-\$3.50. President and CEO Lee Scott said: "While inflation and higher fuel costs are pressuring suppliers, retailers and customers worldwide, we're confident that Wal-Mart is well-positioned for this economy."

• **WuXi PharmaTech (Cayman) Inc.** (WX). The Shanghai, China-based pharmaceutical, biotechnology and medical device research and development outsourcing company late Wednesday said second-quarter net income rose to \$8.52 million or 12 cents per American depository share from \$7.14 million or 11 cents per American depository share last year. Total net revenues surged 134% to \$70.83 million from \$30.24 million previously. It maintained its 2008 consolidated net revenues guidance of \$280 million-\$300 million.

Financial's Wealth Management solutions, contact [Darlene Vignola](#) at 646-822-2363.

#### **ECONOMIC CALENDAR**

**08:30:** Consumer Price Index for July. Prior M/M change: 1.1%. Expected M/M change: 0.4%.

**08:30:** CPI Less Food & Energy (CORE) for July. Prior M/M change: 0.3%. Expected M/M change: 0.2%.

**08:30:** Initial Jobless Claims for w/o Aug. 8. Prior Persons K: 455.0. Expected Persons K: 440.0.

**08:30:** Real Earnings for July. Prior M/M change: -0.8%.

**16:30:** Money Supply for w/o Aug. 5.

#### **CORPORATE EVENTS**

**08:30:** Aegean Marine Petroleum Network Inc. (ANW) Q2 2008 earnings conference call.

**08:30:** Broadridge Financial Solutions Inc. (BR) Q4 2008 earnings conference call.

**08:30:** CACI International Inc. (CAI) Q4 2008 earnings conference call.

**08:30:** The J.M. Smucker Co. (SJM) Q1 2009 earnings conference call.

**09:30:** The Estee Lauder Cos. Inc. (EL) Q4 2008 earnings conference call.

**10:30:** Multi-Color Corp. (LABL) shareholders meeting.

**10:30:** Flowers Foods Inc. (FLO) Q2 2008 earnings conference call.

**11:00:** Intrepid Potash Inc. (IPI) Q2 2008 earnings conference call.

**11:00:** Urban Outfitters Inc. (URBN) Q2 2009 earnings conference call

**12:00:** Royal Gold Inc. (RGLD) Q4 2008 earnings

conference call.

**14:00:** Xilinx Inc. (XLNX) annual meeting of shareholders.

**15:00:** CVR Energy Inc. (CVI) Q2 2008 earnings conference call.

**16:30:** Agilent Technologies Inc. (A) Q3 2008 earnings conference call.

**16:30:** DeVry Inc. (DV) Q4 2008 earnings conference call.

**16:30:** Harman International Industries Inc. (HAR) Q4 2008 earnings conference call.

**16:30:** Nordstrom Inc. (JWN) Q2 2008 earnings conference call.

**17:00:** Autodesk Inc. (ADSK) Q2 2009 earnings conference call.

**17:00:** Kohl's Corp. (KSS) Q2 2008 earnings conference call.

## **M&A NEWS**

- **ArcelorMittal** (MT). The Luxembourg-based steelmaker Wednesday said it intends to acquire the outstanding shares and convertible bonds in Argentine unit Acindar Industria Argentina de Aceros. ArcelorMittal Brazil and ArcelorMittal Spain, the majority shareholders of Acindar, jointly announced their intention to acquire the shares and convertible bonds in Acindar on the market held by third parties. ArcelorMittal has controlled Acindar since Nov. 2007, when it acquired 64.5% of its shares, increasing its stake in February this year to 99.5% at a cost of \$542 million. The February acquisition was made at \$1.88 per share, the same price at which it is offering to buy out the remaining shares.

- **Borders Group Inc.** (BGP), Barnes & Noble Inc. (BKS). The Ann Arbor, MI-based book, music, and movie superstores operator's shareholders, who bought its stock anticipating a takeover bid from the New York-based bigger rival, may be disappointed as it may not materialise due to financing hurdles, the Wall Street Journal reported today. Borders put itself up for sale in March after disclosing potential liquidity problems. The retailer also cited a failed foreign asset sale as partly to blame.

- **Skechers USA Inc.** (SKX). The Manhattan Beach, CA-based footwear company said late Wednesday it has offered to acquire Carrollton, TX-based sports products company **Heelys Inc.** (HLYS) for \$5.25 a share in cash, or \$142.8 million. Skechers said the offer represents an 8.2% premium to the closing price of Heelys common shares on Tuesday, and follows an offer made by Skechers to Heelys on May 28, which Heelys spurned.

## **PUBLIC OFFERING LOCKUP EXPIRATIONS**

- **Titan Machinery Inc.** (TITN) secondary public offering. No. of shares: 4.2 million. Offering price: \$20.00. Estimated offering amount: \$84 million.

## **EX-DIVIDENDS**

- **AmeriSourceBergen** (ABC). Amount: \$0.075.
- **ArvinMeritor Inc.** (ARM). Amount: \$0.10.
- **CPI Corp.** (CPY). Amount: \$0.16.
- **Deluxe Corp.** (ALX). Amount: \$0.25.
- **Fannie Mae** (FNM). Amount: \$0.05.
- **International Paper Co.** (IP). Amount: \$0.25.
- **Koppers Holdings Inc.** (KOP). Amount: \$0.22.
- **Murphy Oil Corp.** (MUR). Amount: \$0.25.
- **Primedia** (PRM). Amount: \$0.07.
- **Tasty Baking Co.** (TSTY). Amount: \$0.05.

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