

**HD Vertex: Australia Negotiations Pose Risk to Sales View -- Market Talk**

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18:15 EDT - Vertex (VRTX) continues to tussle with Australia's government over gaining reimbursement for VRTX's cystic fibrosis drug Kalydeco, which sells for \$311k wholesale in the US. Failing to win reimbursement in Australia is "the key risk" to VRTX achieving its full-year Kalydeco revenue guidance, VRTX CFO Ian Smith warns on conference call. Australia is unique among nations in not covering the drug, despite being offered a price that is equivalent to the cheapest VRTX offers anywhere, Chief Commercial Officer Stuart Arbuckle says on the call. VRTX slips 1.6% after-hours. (joseph.walker@wsj.com)

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18:12 EDT - Eaton (ETN) had a hard landing, closing down 8% at \$70.51 after revealing the US tax ramifications of its corporate registration in Ireland prohibit ETN from doing tax-free business spinoffs for five years. ETN shareholders and some analysts had been holding out hope the diversified industrial **company** would divest a business or two in a new standalone **company** that would pay ETN a fat dividend as a departing gift that could be used to buy back ETN shares or pay down debt. That appears off the table now since the dividend would be subjected to a punishingly high US tax rate, says a person familiar with ETN's assumption of Cooper Industries' taxpayer friendly Irish corporate registry when ETN bought Cooper for \$11.8B in 2012. (robert.tita@wsj.com)

18:03 EDT - Bank of America (BAC) continues to cut its exposure to Russia amid increasing political tension in the region. The bank says in a regulatory filing late Tuesday that its net exposure to Russian stands at \$3.94B, down more than 40% from \$6.72B at the end of December and down from \$5.21B at the end of March. The US and the European Union adopted broad economic sanctions against Russia on Tuesday, including against its banks and **oil** industry. Investors will be scouring JPMorgan Chase (JPM) and Citigroup (C) regulatory filings when they're released for similar information. (christina.rexrode@wsj.com)

18:01 EDT - Reactions to a cybersecurity event in Canada demonstrate the measures enterprises may need to take to avoid becoming a victim a second time. Canada's research and technology agency is rebuilding its entire IT infrastructure after experiencing a cyberattack by what the government calls "a highly sophisticated **Chinese** state-sponsored actor," the WSJ reports. Canada's reaction is far from the most extreme. Earlier this month, The Guardian reported that German politicians are considering a return to manual typewriters to counteract cybersurveillance. For CIOs, it's a reminder that attacks are likely to become more sophisticated and potentially devastating. Given that complete threat prevention is practically impossible, firms should have an action plan in place to cope with attacks when they hit. (steven.norton@wsj.com)

17:59 EDT - IAC's Tutor.com business is taking on a new test: The Princeton Review. The on-demand tutoring site reached out a few months ago to PE **firm** Charlesbank Capital Partners, which had bought Princeton Review's test-prep and college admission operation for \$33M in 2012. Princeton Review test-prep is still largely based in physical tutoring centers, but Tutor.com CEO Mandy Ginsberg sees opportunity to expand GRE, SAT and other exam assistance online. Deal terms weren't disclosed, but Ginsberg says she's hoping much of the current management team will stay on. (melissa.korn@wsj.com; @melissakorn)

17:49 EDT - It's been more than a year since the city of Detroit filed its historic municipal bankruptcy case, the largest for a city in US history. But the presiding judge said today a trial on the city's debt-cutting plan should wait a bit. It was originally scheduled to start Aug. 14, but federal bankruptcy

Judge Steven Rhodes says today "the record does establish extraordinary cause" for moving the start of the trial back a week to Aug. 21. Holdout creditors are expected at trial to challenge the viability of the city's plan and its fairness to city debtholders. (matthew.dolan@wsj.com; @matthewsdolan)

17:45 EDT - AT&T (T) reached an interconnect agreement with Netflix (NFLX) in May and is just now turning up the connections. A T spokesman said the process "should be complete in the coming days," meaning that subscribers should begin to see improved viewing. NFLX uses a lot of bandwidth when people watch streaming video and the **company** has tussled with big service providers like Verizon (VZ) and Comcast (CMCSA), even though it has interconnect agreements with both. (thomas.gryta@wsj.com; @tgryta)

17:42 EDT - The American Petroleum Institute issued new guidelines Monday for subsea caps, equipment meant to shut off an out-of-control underwater well. The industry has been working on a new capping stack since the Deepwater Horizon catastrophe in 2010, when equipment proved incapable of shutting off a well under 5k feet of water. The new guidelines, published by the API, the **oil** industry's standards setting and lobbying arm, are issued after years of deliberation and testing. Government investigations and a presidential commission recommended improved stacks and containment technology. (russell.gold@wsj.com)

17:38 EDT - Twitter (TWTR) plans to launch the beta version of a new video ad offering, new CFO Anthony Noto said on a call with analysts. The new offering will allow "high quality content producers and brands" to easily upload, share and then measure the distribution and effectiveness of the content on TWTR, he said. New ad unit comes after TWTR launched a mobile app install ad unit in 2Q, expected to be a significant revenue driver as it has been for rival Facebook (FB). Noto added TWTR officially closed its **acquisition** of TapCommerce, an advertising technology **firm** that specializes in retargeting consumers after they've downloaded an app. TWTR up 28% after hours. (yoree.koh@wsj.com)

17:36 EDT - Vertex (VRTX) says a study of its combination therapy in cystic fibrosis failed to show a significant benefit in a mid-stage study, which could cost the **company** \$200M in peak sales, according to Wells Fargo. Study examined a combination of VRTX's experimental lumacaftor and already-approved Kalydeco in patients with one copy the F508del genetic mutation. VRTX says on conference call the study failure was expected and VRTX thinks adding a third drug to the regimen could show success. Wells calls the study failure "disappointing," but says the impact is "relatively modest." Removing these patients from its sales model would result in Wells lowering its 2020 sales estimates to \$3.8B, down from \$4B. VRTX slips 0.2% after-hours. (joseph.walker@wsj.com; @joe\_c\_walker)

17:35 EDT - Fertilizer maker Mosaic (MOS) continues streamlining efforts Tuesday, completing **sale** of a Michigan salt operation to agricultural conglomerate Cargill. Mosaic's worked to slim itself after being buffeted by diminished prices for commodity fertilizers, last week halting potash production at a New Mexico plant and earlier planning to lay off about 500 employees as part of a plan to cut \$500M in annual operating costs over the next 5 years. Mosaic had been looking to sell the salt business since last fall and wrote down related assets to about \$48M. Terms of deal with Cargill--which spun off Mosaic in 2011--not disclosed. (jacob.bunge@wsj.com; @jacobbunge)

17:16 EDT - Twitter (TWTR) CEO Dick Costolo says that the size of TWTR's audience off the service is two to three times the size of its 271 **million** monthly active users. The comments come as Twitter tries to convince investors that its size is much larger than its active user base, roughly one-fifth the size of Facebook. Costolo says the **company** will continue to run experiments to better understand and make the most of its logged out unique visitors. Twitter had earlier said that it added 16 **million** new users in 2Q, the largest quarterly jump since it went public in November. TWTR gains 30% to \$50.32 after hours. (yoree.koh@wsj.com; @yoreekoh)

To contact the Market Talk Editors,  
Kevin Kingsbury, 212 416-2354, kevin.kingsbury@wsj.com  
Cynthia Lin, 212 416-4403, Cynthia.lin@wsj.com  
John Shipman, 212 416-2181, john.shipman@wsj.com  
Patrick Sullivan, 212 416-2326, Patrick.sullivan@wsj.com

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